

EXECUTIVE SUMMARY

The unparalleled terrorist events of September 11, 2001, in New York City resulted in catastrophic physical damage and loss to the business and residential infrastructure in the lower part of the Borough of Manhattan. The majority of individuals affected by this disaster required assistance to address economic losses, the possibility of air contaminants in residences, and crisis counseling. Because the Federal, State, and local governments had never before experienced some of the consequences of this kind of event, FEMA re-examined its authorities under the Stafford Act and updated, as necessary, its interpretations for administering applicable programs. The authorities of the Stafford Act are not necessarily sufficient to meet all needs or demands but Congress did not intend for FEMA to return all disaster victims to their pre-disaster status.

FEMA applied the full range of authorized disaster assistance programs to the post-disaster needs of individuals, including Temporary Housing (specifically Mortgage and Rental Assistance), Individual and Family Grants, Disaster Unemployment Assistance, Crisis Counseling Assistance and Training, and Legal Services. FEMA, however, due to the unique circumstances of this disaster, (i.e., managing the consequence of a terrorist attack rather than the consequences of hurricanes, tornadoes, or floods), had to use its authorities and programs more broadly than it ever had before. FEMA's authorities were not adequate to meet everyone's expectations in recovering from the unprecedented needs created by this event. FEMA had no specific authority to: (1) deal with the broad economic losses experienced by the range of people affected by the attack, and (2) address the issue of possible air pollutants and its impact on the general population of New York City beyond assessing threats to immediate health and safety. In addition, due to legal constraints, FEMA could not address recovery needs of: (1) lawfully present disaster victims who are not United States citizens, non-citizen nationals, or qualified aliens (Personal Responsibility and Work Opportunity Reconciliation Act of 1996), and (2) otherwise eligible non-critical Private Non-Profit (PNP) service organizations prior to the PNP first availing itself of assistance from the U.S. Small Business Administration (Disaster Mitigation Act of 2000).

Furthermore, FEMA was challenged in coordinating with other Federal agencies responding to the consequences of this event. Coordinating the activities of State and local voluntary organizations also presented difficulties in an environment in which unprecedented offerings of assistance were made.

FEMA should be more proactive in using the expertise available from other resources. FEMA also should focus on improving outreach after events that affect large, diverse populations. Congress may wish to consider legislation to develop a program similar to the Mortgage and Rental Assistance (MRA) program but with greater flexibility to address economic losses and financial hardships. Such a program would help to ensure that the needs of victims in future terrorist attacks are met. Finally, Congress also may wish to consider whether FEMA or another Federal agency should administer grants to small businesses that have been adversely affected by a disaster. Appendix A includes a summary of issues requiring FEMA's attention.

FEMA reviewed in detail a draft of our report and made valuable contributions, ensuring that this report accurately portrays the events and activities affecting FEMA's delivery of individual assistance to the victims of the terrorist attacks. We also obtained comments from the State of New York, U.S. Environmental Protection Agency (EPA), U.S. Department of Health and Human Services' Center for Mental Health Services (CMHS), U.S. Department of Justice (DOJ), U.S. Department of Labor (USDOL), and U.S. Small Business Administration (SBA). Their comments can be found in Appendices to this report.

BACKGROUND

Congress directed the Inspector General to review the use of funds provided to FEMA to meet the post-attack needs of New York City and to report any deficiencies or gaps in FEMA's statutory authorities that may have impeded the delivery of individual assistance to the victims of the terrorist attacks.

The Robert T. Stafford Disaster Relief and Emergency Assistance Act (the Stafford Act) authorizes FEMA to administer five distinct Individual Assistance (IA) programs in response to presidential disaster declarations: (1) Temporary Housing Assistance, (2) Individual and Family Grants, (3) Crisis Counseling, (4) Unemployment Assistance, and (5) Legal Services. The Disaster Mitigation Act of 2000 (DMA 2000) required changes to some of the above-mentioned programs and is effective for all disasters declared on or after May 1, 2002. (See Appendix B for a summary of the financial status of IA programs as of November 1, 2002.)

TEMPORARY HOUSING ASSISTANCE

The Temporary Housing Assistance program has five components: Mortgage and Rental Assistance, Minimal Home Repair, Transient Accommodations, Rental Assistance, and Manufactured Housing. Temporary Housing Assistance is funded 100-percent by FEMA.

❑ MORTGAGE AND RENTAL ASSISTANCE

FEMA's Mortgage and Rental Assistance (MRA) program is designed to cover rent or mortgage payments for victims who suffer financial hardship as a result of a major disaster. Victims who are unable to pay their rent or mortgage and have received written notice of eviction or foreclosure may be eligible for this program, which addresses economic injury rather than physical injury.

FEMA had mailed 44,781 MRA packages to disaster victims as of November 14, 2002. Only 17,843 (40 percent) were returned. Of those, 15,803 were processed, and 9,610 (61 percent) were determined eligible. Payment to eligible recipients accounted for approximately \$76 million in MRA costs.¹

❑ MINIMAL HOME REPAIR

The Minimal Home Repair program is designed to restore a home to a habitable condition by making limited home repairs until more extensive repairs can be made. FEMA had approved approximately 548 applications as of November 14, 2002, totaling approximately \$1.5 million.²

¹ FEMA Texas National Processing Service Center, "Mortgage and Rental Assistance Determination Summary," November 14, 2002.

² FEMA Texas National Processing Service Center, National Emergency Management Information System (NEMIS) data, November 14, 2002.

❑ **TRANSIENT ACCOMMODATIONS**

Short-term (up to 30 days) lodging expenses of victims are reimbursed by Transient Accommodations. FEMA had processed approximately 689 applications as of November 14, 2002, approving 504 (73 percent), totaling approximately \$1.2 million.³

❑ **RENTAL ASSISTANCE**

Rental Assistance is designed to meet temporary housing needs of homeowners and renters by providing a grant based on fair market rents in the disaster-declared area. Eligibility criteria used in previous disasters were applied, which includes permitting recipients to use the funds for any type of housing-related expenses, such as the purchase of cleaning items. FEMA had processed approximately 7,339 applications as of November 14, 2002, and 5,056 (69 percent) were approved, totaling approximately \$26 million.⁴

❑ **MANUFACTURED HOUSING**

The Manufactured Housing program was not used for this event.

INDIVIDUAL AND FAMILY GRANTS

The Stafford Act authorizes the Individual and Family Grants (IFG) program to meet disaster-related necessary expenses or serious needs of disaster victims that could not be met through other provisions of the Stafford Act or through other means, such as insurance; other Federal assistance; or voluntary agency programs. Eligible expenses may include those for real and personal property, medical and dental expenses, funeral expenses, transportation needs, and other expenses specifically requested by the State.

An eligibility criterion for most categories of IFG grants is that the applicant has first made application for a loan from the U.S. Small Business Administration (SBA) and been declined. Some IFG grants that may be provided without application to SBA include those for medical, dental, and funeral expenses, and some assistance placed in the “other” category.

Because the September 11 event was both a disaster and a criminal act, programs of the U.S. Department of Justice’s (DOJ) Office for Victims of Crime were also applicable. As a result, expenses related to medical, dental, and funeral were covered by DOJ.

States, as grantees, administer and implement the IFG program but may request FEMA to process applications on the State’s behalf. When a State processes IFG applications, FEMA still works closely with the State and provides advice, accepts applications, and assists in eligibility determinations. Moreover, the State must develop a plan for administering the program that identifies the State agency responsible for program administration, functions to be performed, program procedures, key management staff, and the sources from which additional personnel

³ Ibid.

⁴ Ibid.

will be obtained. The State of New York initially both administered the program and processed applications for the events of September 11.

Approximately 129,106 IFG applications were transmitted to the State as of November 14, 2002, and 37,787 applications were approved and paid, totaling approximately \$34 million in disbursements to eligible applicants.⁵ IFG program costs are shared by States, with FEMA paying 75 percent and States paying 25 percent.

CRISIS COUNSELING

The Stafford Act authorizes financial assistance for professional counseling to relieve mental health problems caused or aggravated by a disaster or its aftermath. FEMA provides funding for these services to States under the Crisis Counseling Assistance and Training Program (CCP), which encompasses the Immediate Services Program (ISP) and the Regular Services Program (RSP). The ISP provides funding for counseling that can be applied to meet mental health needs immediately following a disaster. ISP services may be provided for 60 days from the declaration date, with a possible extension of 30 days or more if the RSP application is pending within that same period of time, or if the State can justify a continuing need for the ISP. The RSP generally expands upon the ISP by enabling the State to identify and reach affected populations more effectively. The RSP funds services up to nine months from the date of award notice, and provides for extensions of up to three months, contingent on ongoing need. The RSP has been extended beyond three months after catastrophic disasters. CCP is funded 100-percent by FEMA.

Providing technical assistance for the program, the Center for Mental Health Services (CMHS) under the U.S. Department of Health and Human Services (HHS) consults with State officials and helps to ensure that appropriate services are provided.

Historically, only States receiving a major disaster declaration had been eligible to apply and receive funding for FEMA's CCP. Recognizing the special need resulting from the unusual circumstances of September 11, however, the State of New York requested that the undeclared border States of New Jersey, Connecticut, Massachusetts, and Pennsylvania be allowed to apply for CCP funding. The request was allowed, the affected States each applied separately but through the declaration for New York, and each was approved for CCP funding.

The total approved disaster funding, as of October 2002, for CCP was \$162.4 million, of which \$21.4 million was for the ISP and \$141 million for the RSP.⁶ Actual obligated funds for the RSP are \$37.7 million.

Because the September 11 event was a disaster and a criminal act, DOJ's program to meet similar victim assistance needs also applied. FEMA believes that CMHS, the States, and itself coordinated closely with DOJ to ensure that programs were complementary in providing mental health services.

⁵ FEMA NEMIS, "IFG Cumulative Status Report," November 14, 2002.

⁶ Center for Mental Health Services, Emergency Services and Disaster Relief Branch, October 25, 2002. These figures have been rounded and include CCP assistance for the States of New Jersey, Connecticut, Massachusetts, and Pennsylvania.

The DOJ program provides fee-for-service (individual counseling or therapy sessions) funding only to victims directly affected by the criminal act, whereas the FEMA CCP (an outreach, education-based program) is available to anyone residing in or visiting the affected area during the disaster. Because of these program differences, FEMA believes that there was no duplication of benefits.

UNEMPLOYMENT ASSISTANCE

The Stafford Act authorizes FEMA to provide assistance to any unemployed individual whose employment or self-employment was interrupted as a result of a declared disaster and who is not eligible for regular State Unemployment Insurance or other supplemental income. Disaster Unemployment Assistance (DUA) can be provided in the period until applicants resume work or their customary employment, traditionally up to 26 weeks. The amount of DUA is authorized by the State's regular employment program. DUA is not designed as an income replacement program. Through a delegation of authority by FEMA, the U.S. Department of Labor (USDOL) oversees and coordinates the program. DUA is funded 100 percent by FEMA and administered by the State agency responsible for providing unemployment services and insurance.

Eligible applicants received at least the minimum benefit in effect in New York State at the time of this disaster, \$126 per week, which was reduced by any Workers' Compensation or Social Security benefits the applicants received. Applicants qualifying for the maximum amount received \$405 per week before reductions. Gaps may exist between applicants' day-to-day living expenses and DUA benefit amounts, which were considerably less than the weekly pay of most. Approximately 6,679 applications were received as of October 2002, and 3,284 applications (49 percent) were approved, totaling approximately \$13.2 million.⁷

LEGAL SERVICES

The Stafford Act authorizes legal services to help low-income victims with disaster-related legal issues such as landlord/tenant relationships, employment, immigration, insurance, credit and bankruptcy, will validity, trusts and estates, real property, and powers of attorney. The program was implemented post-September 11 using eligibility criteria applied in previous disasters. Attorneys work *pro bono* and FEMA reimburses eligible administrative costs through the Young Lawyers Division of the American Bar Association. FEMA believes the program is cost effective because the work is *pro bono* and many lawyers, firms, and organizations donate legal services outside FEMA programs. As of November 14, 2002, legal services assistance totaled \$2,010.⁸

⁷ USDOL, October 25, 2002.

⁸ FEMA Community and Family Services Branch, November 14, 2002.

OBJECTIVES, SCOPE, AND METHODOLOGY

Congress directed the Inspector General to review the use of funds provided to FEMA to meet the post-attack needs of New York City, and to report any deficiencies or gaps in FEMA's statutory authorities that may have impeded the delivery of individual assistance to the victims of the terrorist attacks. We conducted our fieldwork during August, September, and October 2002. We reviewed and analyzed a wide range of Federal, State, and local documents associated with this disaster, including news articles generated by the media related to the event. We also used the following references during our review:

- ▶ Congressional Research Service, *Federal Disaster Policies After Terrorist Strike: Issues and Options for Congress*, June 24, 2002;
- ▶ Testimony of FEMA's Director, Committee on Environment and Public Works, U.S. Senate, September 2002;
- ▶ Urban Justice Center, *Ripple Effect*, The Crisis in NYC's Low-Income Communities after September 11th, September 2002;
- ▶ General Accounting Office, *September 11, Interim Report on the Response of Charities*, GAO-02-1037, September 2002;
- ▶ *A Nation Remembers, A Nation Recovers*, Responding to September 11, 2001, One Year Later, FEMA, September 2002;
- ▶ U.S. Small Business Administration, *Business Assistance Guide*, for the September 11th tragedy in the greater New York Area;
- ▶ General Accounting Office, *September 11, Small Business Assistance Provided in Lower Manhattan in Response to the Terrorist Attacks*, GAO-03-88, November 2002; and
- ▶ General Accounting Office, *September 11, More Effective Collaboration Could Enhance Charitable Organizations' Contributions in Disasters*, GAO-03-259, draft report, December 2002.

We met with FEMA officials engaged in response and recovery, and with officials at the U.S. Departments of Justice, Labor, and Health and Human Services; U.S. Small Business Administration; New York State Department of Labor; New York State Emergency Management Office; New York City Office of Emergency Management; staffs of the U.S. House of Representatives and the U.S. Senate; staffs of the New York and New Jersey State delegations; New York City Council members and staff; and officials from the National Emergency Management Association. We interviewed, by telephone, officials from the New York Immigration Coalition and the New York State Crime Victims Board. We also attended roundtable forums in New York City with congressional delegation staffs and representatives from voluntary agencies, citizen advocacy groups, and small businesses. Appendix C includes a summary of their concerns.

We obtained data from FEMA's National Emergency Management Information System (NEMIS) to determine significant variations in IA program delivery between this and other major disasters.

We examined historical processing data and eligibility determinations for disaster declarations in Texas, Michigan, and North Carolina (see Appendix E). We also extracted financial data from FEMA's Integrated Financial Management Information System.

ELIGIBILITY ISSUES IN THE MORTGAGE AND RENTAL ASSISTANCE PROGRAM

The way in which the September 11 terrorist attacks rippled through the New York and national economies was unprecedented. The scope and effect of the attacks on the stock market and tourism industry, for example, are still being debated. FEMA historically has not had to implement the Mortgage and Rental Assistance (MRA) program on a large scale because previous disasters



did not coincide with nor result in widespread unemployment and national economic losses. From the inception of MRA until September 11, only \$18.1 million had been awarded under the program for 68 declared disasters, compared to approximately \$76 million as a result of the New York disaster alone.⁹ Because it was seldom used, Congress eliminated the program when it enacted the Disaster Mitigation Act of 2000 (DMA 2000) making the program unavailable after May 1, 2002.

FEMA had to face the challenge of implementing this program in a disaster that caused significant economic consequences, including not only the obvious economic impact of the incident itself but also the indirect economic effects felt throughout the country. The language of the Stafford Act's MRA authority establishes as a criterion for assistance a written notice of dispossession or eviction. The law is silent, however, on what constitutes a financial hardship. This omission

required FEMA to interpret to what extent a personal financial loss constitutes a financial hardship, and to determine if that hardship resulted directly from the primary effects of the attacks or from secondary effects on the nation.

The MRA program's limited use, the broad economic impact of this unprecedented event, and FEMA's challenge to differentiate between primary and secondary economic effects contributed to difficulties in delivering timely and effective assistance. The number of victims assisted in this event and the possibility that future terrorist attacks would produce similar economic consequences suggests a valid need for economic assistance. Congress may wish to consider legislation to develop a program similar to the MRA program that addresses economic losses and financial hardship but enables greater flexibility.

⁹ FEMA's Recovery Division, December 2002.

ELIGIBILITY CRITERIA

The MRA program is unique because it addresses limited, individual economic losses versus physical damage resulting from a disaster. Traditional inspection of damages as a basis for program eligibility, therefore, does not apply to MRA. Individual financial hardships caused by the disaster must be evaluated case-by-case. FEMA attempted to clarify eligibility criteria that required a clear link between physical damage to the business or industry caused by the disaster and an applicant's loss of household income, work, and/or employment regardless of geographic location. FEMA determined that eligibility for MRA would be expedited for the geographical areas known as the "Red" and "Green" zones within the declared county in New York City. The zones were defined to include the area south of Houston Street in the lower part of the Borough of Manhattan.

FEMA reiterated previous guidance and statutory language for implementing the MRA program in early October 2001. Applicants must have provided the following to be eligible:

- ▶ Proof of economic hardship as a direct result of the incident. The applicant's economic hardship is defined as "significant loss, at least 29 percent, of the household's monthly gross income," as demonstrated by the provision of supporting documentation;¹⁰
- ▶ A signed Declaration of Applicant (FEMA Form 90-69D) documenting that the applicant is a citizen, non-citizen national, or qualified alien;
- ▶ A signed Applicant Statement/Authorization (FEMA Form 90-69B);
- ▶ Proof of pre-disaster primary residence;
- ▶ Proof that the applicant is at risk of losing, as a direct result of the disaster, the pre-disaster primary residence via eviction, dispossession, or foreclosure by the landlord or mortgage company.

Assistance after the initial payment would be continued if the applicant could:

- ▶ Prove that the applicant continues to reside in the pre-disaster residence;
- ▶ Provide documentation to support the applicant's continuing loss of at least 29 percent of household income as a direct result of the incident; and
- ▶ Demonstrate that the applicant is working toward securing permanent housing.

As in all disasters, self-employed or business-owner applicants were advised to apply first to the U.S. Small Business Administration (SBA) for an Economic Injury Disaster Loan before continued assistance would be considered. The October 2001 guidance established that the application period would conclude six months after the disaster declaration date and that the MRA assistance period would not exceed 18 months from the declaration date.

FEMA officials, explaining the guidance, told us that a significant number of individuals outside New York City and across the nation were experiencing similar financial stress. Many airports

¹⁰ According to FEMA officials, the 29-percent threshold was based on the eligibility criteria from the U.S. Department of Housing and Urban Development's Section 8 Housing Program at the time of the event. In November 2001, FEMA modified the figure to 25 percent.

and businesses, for example, were forced to undergo layoffs as an indirect result of the event. To clarify MRA eligibility, FEMA added the word “direct” to the phrase “as a result of the disaster” to highlight the link between the disaster’s actual physical damages to businesses and employers, and an eligible applicant’s significant loss of household income.

FEMA, in the eligibility definitions in the October 2001 guidance, distinguished a household’s primary effects from secondary economic effects of the disaster by inserting the word “direct” before “result of the incident.” This may have created a perception that a more restrictive threshold was being applied. Households included (1) employees who had lost their jobs at Ronald Reagan National Airport, (2) families that had lost a major source of household income due to the injury, death, or missing status of a family member who provided a significant portion of the household income, (3) individuals who had lost a significant portion, at least 29 percent, of their monthly gross household income due to the physical damage to their place of business or employment within the declared disaster area, or (4) employees who had lost a significant portion, at least 29 percent, of their monthly gross household income due to the location of their businesses or place of employment within the World Trade Center (WTC) hazard area. The decision to include Ronald Reagan National Airport was consistent with the U.S. Department of Labor’s (USDOL) decision to provide disaster unemployment benefits for employees at the airport and FEMA’s understanding of the unique security issues related to this airport.

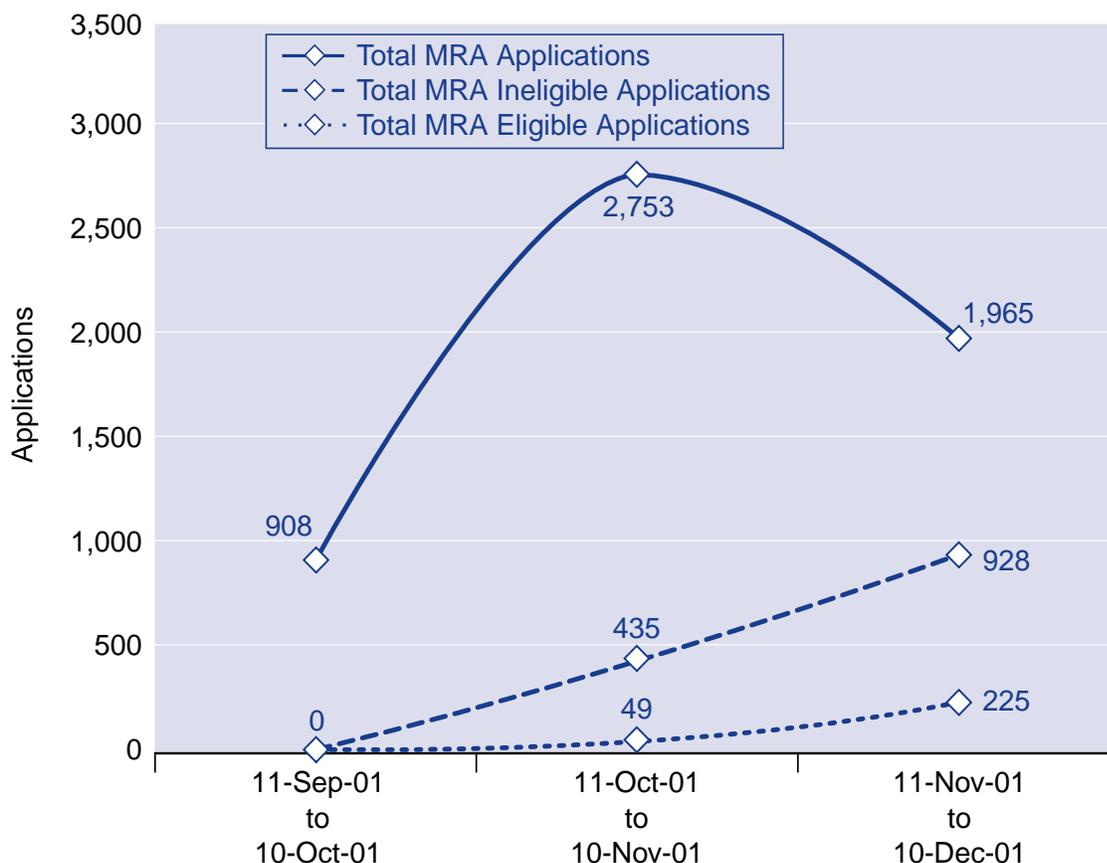
FEMA issued additional guidance in early November 2001 to clarify the policies and procedures used in determining eligibility for MRA. This guidance provided that an applicant(s):

- ▶ Must be under a threat of eviction from or foreclosure of the applicant’s primary residence due to non-payment of rent or mortgage;
- ▶ Must have substantial loss of income due to the death, injury, or “missing” status of a family member who provided a significant portion of the household income. A substantial loss of income is defined as a total post-disaster household income that is at least 25 percent less than pre-disaster household income;
- ▶ Employer or business supplied goods or provided services to a physically damaged or inaccessible business located in or near the WTC or in the Pentagon; or
- ▶ Employer or business supplied goods or provided services to a business adversely affected by the destruction of the WTC or damage to the Pentagon; or that the applicant is otherwise dependent on a business or industry so adversely impacted; or
- ▶ Employer or business is dependent upon a business (or other organization) that was closed or suspended its operations or was otherwise disrupted as a result of the destruction of the WTC or damage to the Pentagon; or
- ▶ Employer or business was directly impacted by the destruction of the WTC or damage to the Pentagon between September 11, 2001, and October 22, 2001.

¹¹ These figures reflect applications in various stages of review, including recertification and reclassification based on expanding criteria. Eligible and ineligible figures, therefore, will not equal total applications at any given date.

Figure 1 illustrates the impact on applicant eligibility and ineligibility as FEMA guidance was clarified.¹¹

Figure 1— MRA Applications Determined Eligible from September 2001 to December 2001



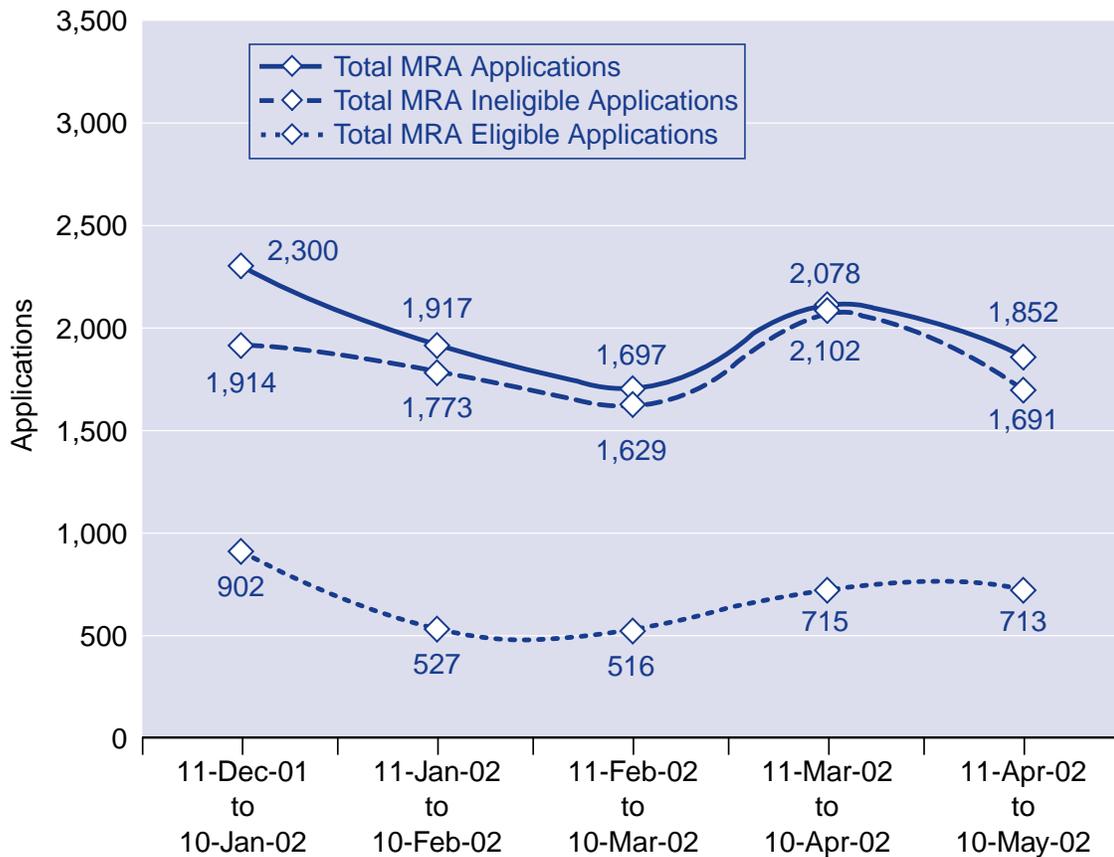
Source: VA NPSC Data, September 2002

FEMA took further steps to clarify and expand eligibility criteria during the period December 2001 to March 2002. These included:

- ▶ *December 1, 2001:* Clarified that a late notice is acceptable documentation to indicate intent to foreclose or evict.
- ▶ *February 19, 2002:* Declared disaster victims suffering from medical and/or psychological trauma eligible to apply for MRA given the unprecedented psychological trauma being experienced that prevented them from returning to their residence near the disaster area.
- ▶ *March 28, 2002:* Modified duration of MRA eligibility from 18 months after the disaster declaration date to 18 months from the applicants' MRA-eligibility date.

These clarifications did not significantly increase MRA eligibility, as illustrated by the relatively constant numbers of applications in Figure 2.

Figure 2—MRA Applications Determined Eligible from December 2001 to May 2002



Source: VA NPSC Data, September 2002

IMPACT OF EXPANDED ELIGIBILITY CRITERIA

As the tables above illustrate, a low number of disaster victims were eligible for MRA. A review of these statistics published in *The New York Times* on April 26, 2002, generated unfavorable public opinion. People clearly expected FEMA to address more broadly the economic impact of the disaster. FEMA subsequently recognized the need to re-evaluate eligibility criteria.

FEMA, in April and May 2002, reviewed all 7,323 MRA applications previously denied. Of these, 1,625 (22.19 percent) were deemed eligible; 2,607 (35.60 percent) had no change in initial ineligibility; and additional documentation was requested for 3,126 (42.69 percent).¹² The initial purposes of this review were to assess quality control and ensure that applications were processed

¹² Per FEMA records dated July 16, 2002. The total, 100.48 percent, reflects that cases were reported in multiple categories.

correctly under the applicable eligibility criteria. Once FEMA determined that most applications were processed correctly, the review refocused on researching and analyzing the circumstances of applicants found to be ineligible and develop options for expanding eligibility. Using this analysis, FEMA explored options for applying new or revising existing criteria to make assistance more broadly available but still within the intent of its authority. FEMA officials told us that dialogue was continuous with Members of Congress, the State of New York, the Office of Management and Budget, volunteer organizations, and advocacy groups as expanded eligibility was being considered.

At the same time, Congress was considering enacting a bill to establish geographic eligibility for this event that would expedite assistance to the entire Borough of Manhattan, and directing FEMA to review previously denied MRA applications using the expanded geographic area. In late June 2002, FEMA expanded the geographic eligibility area to include the Borough of Manhattan. Congress subsequently enacted the legislation on August 2, 2002. FEMA also discontinued requiring self-employed or business-owner applicants to apply first to SBA for a loan before FEMA would consider continued assistance after the initial MRA payment. Applicants must now meet the following eligibility criteria:

- ▶ Be United States citizens, non-citizen nationals, or qualified aliens and sign a self-declaration form attesting to citizenship/qualified-alien status. If an applicant has a child who is a United States citizen, the applicant may apply for MRA on the child's behalf;
- ▶ Have suffered at least a 25-percent loss of household income as a result of the WTC attack, and the loss must conform to one of the following categories:
 - ▷ Employers, or their own businesses, are located in the Manhattan Borough and have suffered financially due to the WTC attack.
 - ▷ Lost jobs or significant income because the applicants' employers or businesses not located in the Manhattan Borough have or had a significant business relationship with a firm in the Manhattan Borough.
 - ▷ Live in the Manhattan Borough but commute to work outside the Manhattan Borough and suffered financially due to travel restrictions and station/road closures after September 11, 2001; and
- ▶ Received a late payment notice (or notice of eviction, foreclosure, or termination of lease) on their primary residence to demonstrate that they are in danger of possible eviction, dispossession, or foreclosure.

To continue receiving assistance after the initial payment, applicants must provide proof that they:

- ▶ Continue to reside in the pre-disaster residence;
- ▶ Have at least a 25-percent loss of household income due to the federally declared disaster; and
- ▶ Are attempting to re-establish household financial stability.

Figure 3 illustrates how the expanded eligibility criteria increased eligibility for MRA.

Figure 3—MRA Applications Determined Eligible under Expanded Eligibility Criteria

Date	Total MRA Applications Processed	Total MRA Applications Determined Eligible	Percent of MRA Applications Determined Eligible	Total Amount of MRA Assistance Approved
July 15, 2002	11,202	5,147	46%	\$32,044,327 ¹³
August 29, 2002	11,864	6,901	58%	\$48,516,447 ¹⁴
September 19, 2002	13,115	7,658	58%	\$55,106,877 ¹⁵
November 14, 2002	15,803	9,610	61%	\$75,897,258 ¹⁶

These figures, however, may not fully represent the potential universe of MRA applicants. As of November 14, 2002, FEMA had mailed 44,781 MRA packages to disaster victims. Only 17,843 (40 percent) were returned. Of those, 15,803 have been processed and, of the processed applications, 9,610 (61 percent) were determined eligible. It is difficult to determine the reasons why the remaining 26,938 packages were not returned. FEMA mailed letters to these applicants requesting information so that they could be considered for assistance.

FEMA placed phone calls to applicants that returned incomplete packages and sent follow-up letters requesting the additional information needed to process their applications. Despite this follow-up, the return rate seemed low. Applicants may have interpreted “denial” expressed in their initial MRA grant award letters as complete ineligibility for the program, even in cases where the denial conveyed the requirement to furnish additional documentation. Advocacy groups maintain that FEMA’s outreach did not adequately convey the changing eligibility criteria. Another explanation may be that the initial assistance provided by the overwhelming outpouring of resources was meeting individual needs.

FEMA translated all MRA forms and letters into seven languages, distributed fliers describing the programs and expanded eligibility, and provided registration information. FEMA brochures, Questions & Answers, and website pages dedicated to individual assistance also were translated. Advertisements were placed in 26 foreign-language newspapers in August and September of 2002. In addition, FEMA used a contracted service for a “language line” for people calling into

¹³ FEMA Texas National Processing Service Center, “Special Summary Report,” Mortgage and Rental Assistance, July 15, 2002.

¹⁴ FEMA Texas National Processing Service Center, “Mortgage and Rental Assistance Determination Summary,” August 29, 2002.

¹⁵ FEMA Texas National Processing Service Center, “Mortgage and Rental Assistance Determination Summary,” September 19, 2002.

¹⁶ FEMA Texas National Processing Service Center, “Mortgage and Rental Assistance Determination Summary,” November 14, 2002.

the 800 teleregistration number. This enabled one-on-one personal contact in up to 157 different languages. Advocacy groups believed FEMA's outreach, despite these efforts, was not adequate to overcome language barriers for the portion of the population in the Manhattan Borough who spoke little or no English.

Furthermore, advocacy groups assert that assistance was impeded by applicants' difficulty in producing adequate documentation to demonstrate loss of income, place of residence, and/or place of employment, which is required in all disasters, in cases where there were:

- ▶ No record of earnings;
- ▶ Lack of cooperation from employers;
- ▶ Lack of cooperation from landlords because of cash payments;
- ▶ Lack of cooperation from landlords because of rent control and rent subsidy considerations;
- ▶ A sublease of applicant's residence with no formal lease document; and/or
- ▶ Misunderstanding of FEMA's requests for documentation in cases where applicants did not speak English as their primary language.

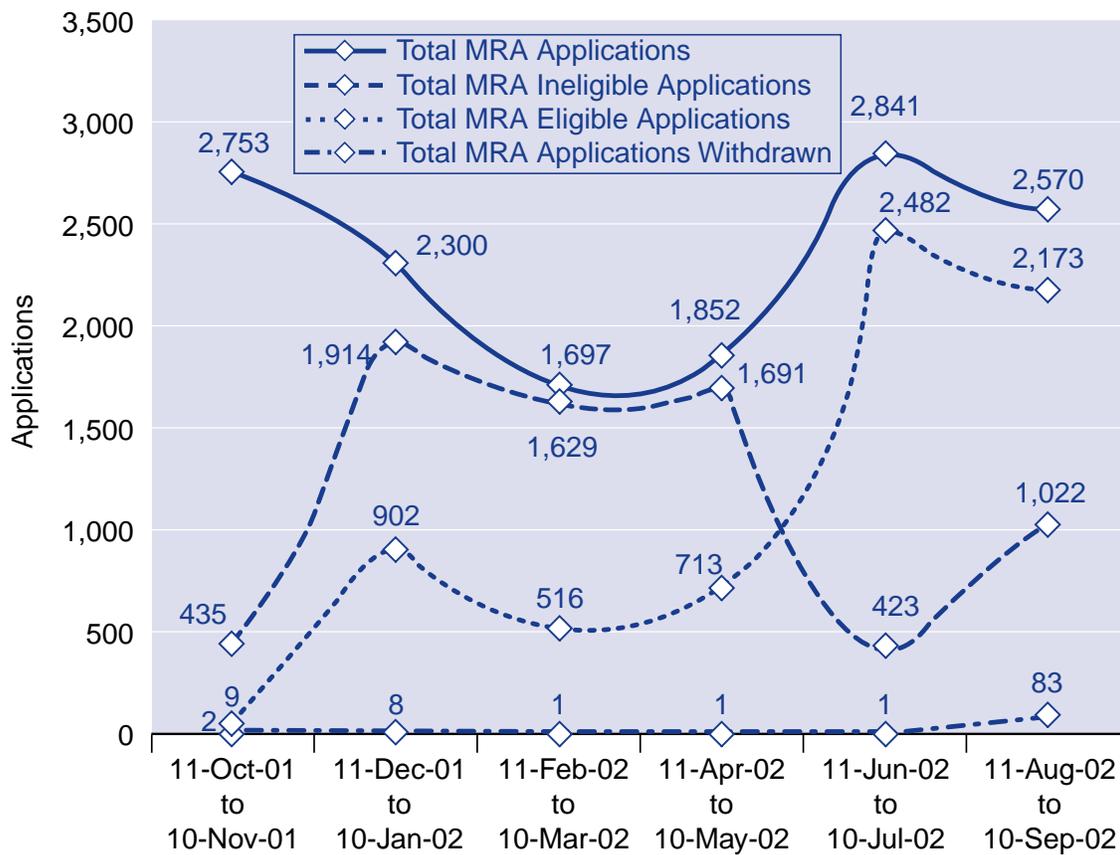
FEMA's goal is to balance the need for adequate documentation to prevent fraud against unusual questionable circumstances, such as a "cash economy" where there are no records of salaries paid or rent collected. This balancing required FEMA to consider the possibility that such practices are designed to evade income taxation and create a situation that is ripe for fraud and abuse. Based on feedback from the advocacy groups, FEMA nevertheless reviewed documentation requirements, simplified and streamlined forms, and created new procedures to ease the burden of proof in instances of cash-exclusive arrangements.

As with all disaster victims, including lower-income applicants, the availability of MRA was restricted if the applicant (1) had pre-disaster arrears in rental and/or mortgage payments, and/or (2) did not meet the 25 percent loss-of-income threshold. Even though a loss of less than 25 percent of income could still yield devastating results for many of these individuals, MRA was not available to them.

Finally, MRA also is not available to applicants who have relocated from their pre-disaster residence. According to the Stafford Act, an applicant may be eligible because of "written notice of dispossession or eviction from a residence by reason of a foreclosure of any mortgage or lien, cancellation of any contract of sale, or termination of any lease, entered into prior to such disaster." This disaster presented situations in which relocation took place and financial hardships still existed. Some applicants relocated due to (1) an inability to continue living in the affected area, or (2) the need to obtain housing commensurate with their post-September 11, 2001, financial status. FEMA established guidance in October 2002 that would enable these applicants to receive MRA.

Figure 4 illustrates the volume of MRA applications and eligibility determinations made through September 2002, including the rise in applications found eligible.

Figure 4—MRA Applications Determined Eligible from October 2001 to September 2002



Source: VA NPSC Data, September 2002

Although positive strides were made in implementing MRA, there is a need to examine how to address individual economic loss from a terrorist attack or other catastrophic events that result in widespread economic disruption. Specifically, the following characteristics need to be considered in developing a program that addresses economic loss and financial hardship:

- ▶ Distinguishes between physical and economic loss;
- ▶ Has fair and equitable eligibility criteria and operational procedures and does not appear arbitrary;
- ▶ Reaches diverse ethnic populations in dense urban areas to provide assistance in a timely fashion;
- ▶ Simplifies documentation requirements and addresses the inability of some disaster victims to produce traditional documentation of ability to pay a mortgage or rent;
- ▶ Recognizes the hardships of extremely low-income populations by developing a comprehensive mechanism to define “economic loss” and “financial hardship” in relation to victims’ ability to pay rent or mortgage;

- ▶ Distinguishes clearly between pre- and post-disaster economic conditions;
- ▶ Is flexible in defining the time period during which assistance will be provided; and
- ▶ Is easy to implement even though infrequently used and does not require specialized training.

In summary, the MRA program, if reinstated, could continue to meet a fairly narrow economic need but would still require legislative revision to make it less complicated to administer. A broader, more flexible program, however, would more appropriately meet the range of economic losses experienced after events such as the September 11 terrorist attacks. FEMA should explore such a program with Congress. In doing so, Congress may wish to consider studying other existing mechanisms within the Federal Government as possible vehicles through which broader assistance could be provided.

STATE CAPABILITY TO IMPLEMENT THE IFG PROGRAM

New York State has statutory responsibility for administering the IFG program. FEMA believes that few administrative problems would have existed but for the decision to reimburse applicants for costs related to air quality. Once that decision was made, without sufficient consideration of the potential workload it would create, delays were encountered.

The Governor of New York assigned to the State Department of Labor (NYDOL) responsibility for implementing and managing the program. The Commissioner of Labor assigned to the NYDOL



Inspector General, responsibility for developing the State's IFG staffing plan, determining the sources of staff, and managing the day-to-day IFG program activities. The State initially assigned 10 permanent and 50 temporary employees to process applications for assistance and to answer telephone and written inquiries about the program. Until the decision was made to include air quality items, which resulted in an unusually high number of applications, the State had not experienced any major difficulties in administering the IFG program.

The State received 20,786 applications and handled an unknown number of inquiries during the first six months following the event.¹⁷ Various advocacy groups believed that the State's initial promotion of the IFG program to address unmet needs of disaster victims raised expectations. However, after applicants learned of the program's eligibility criteria established by FEMA, which include first applying insurance receipts and seeking SBA assistance to address recovery needs, many felt disenfranchised and an unfulfilled sense of entitlement. This may have contributed to a decline of new IFG applications. The State believes, on the other hand, that the decline is more likely attributable to the assistance provided by the various nonprofit organizations. The State, as a result, reduced staffing to 30 employees in March 2002.

In June 2002, the consequences of the decision to include air quality devices as eligible in all five boroughs began to materialize. Some local businesses became aware that the program covered air conditioners, air filters, air purifiers, and high efficiency particulate air (HEPA) vacuums, and they began circulating flyers that encouraged individuals to purchase the items and request

¹⁷ FEMA Virginia National Processing Service Center report, "Special Report on Applications by Month," November 1, 2002.

reimbursement from FEMA. The latter three items had been added as eligible under the IFG program in late October 2001 and were advertised by FEMA in November 2001. The State, in March 2002, added assistance, in consultation with FEMA, for repairing or replacing window air-conditioning units that were damaged as a direct result of the disaster.

Even though FEMA and the State had authorized coverage for these items before June 2002, the number of applications received to that point was minimal. Applications for IFG assistance rose sharply in June 2002, however, as applicants requested assistance for the air quality items. FEMA believes the increase in new applications coincided with public announcements being made by the U.S. Environmental Protection Agency (EPA) regarding the poor air quality in the City and the need for air-conditioning and related items because of the unusually warm spring and early summer. The State believes the surge in new applications coincided with the closing of the non-profit programs. FEMA received an average of 7,660 applications per month from June to August 2002 for air-quality items. Applications for IFG assistance typically do not spike at this point in the recovery phase.

FEMA inspects applicant residences in the initial recovery phase of a disaster to verify damages to real and personal property and identify transportation issues. Rather than authorize assistance for air-conditioners under the personal property category, FEMA authorized it in the “other” category. FEMA then decided in March 2002 that it would not be cost effective for inspectors to verify damage to a single property item. Instead, the State implemented a self-certification process requiring applicants to describe the circumstances associated with the repair or replacement of the property item and to submit supporting receipts. This decision, combined with publicity from vendor promotion, also contributed to the historically high number of IFG applications submitted months after the event. This may have increased the likelihood of fraud and abuse.

The unanticipated increase in applications received after June 2002 also may be related to two other decisions regarding assistance for air-quality items. First, assistance was made available to all households in the five boroughs of New York City. The broad geographic eligibility was not related to the areas of actual impact. A better model might have been to limit eligibility to the same areas identified by EPA and the New York City Department of Health for purposes of the apartment cleaning and testing program. If the IFG program and the EPA testing and cleaning program had worked more closely together in terms of geographic eligibility, the program would have had reasonable and justifiable boundaries. Second, as a result of concerns expressed by certain advocacy groups, applicants were allowed to certify that they were unable to pay for the air-quality items (costing as much as \$1600). Funding was advanced to those applicants and they were requested to provide receipts after purchase. There were few limitations placed upon who could qualify for this “unable to pay” option. This may also have increased the likelihood of fraud and abuse.

When the number of IFG applications rose in June 2002, the State assigned additional staff and authorized overtime in June, July, and August. The State’s staff, however, was unable to process the applications and timely answer additional telephone and written inquiries from applicants seeking assistance. The State had processed only 28,122 (55 percent) of the 50,968 applications

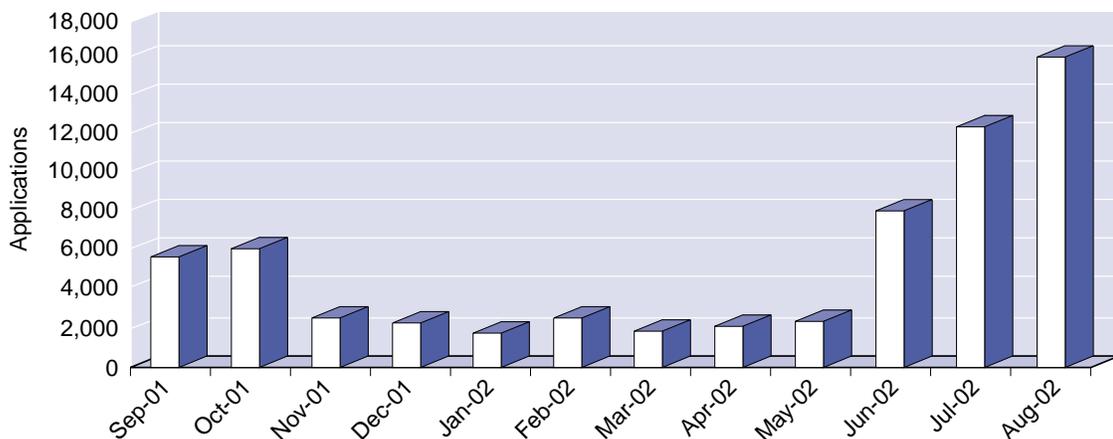
received as of August 23, 2002.¹⁸ A FEMA team began working closely with the State staff to analyze the reasons for delays and develop corrective actions. The following recommendations were developed with the support of State staff and accepted by State program management on August 29, 2002:

- ▶ Convert the paper-based information-management/case-processing system to an electronic, digitized database in which case information needed for processing and responding to inquiries would be available to all FEMA caseworkers.
- ▶ Refer all incoming telephone inquiries to FEMA National Processing Service Centers, increasing the number of State staff available to resolve pending caseload.
- ▶ Make eligibility determinations while answering telephone inquiries at the National Processing Service Centers to the fullest extent possible.
- ▶ Eliminate paper registrations by providing for efficient, online registration in the Worth Street Disaster Application Center.
- ▶ Streamline redundant processing procedures.

FEMA, in September 2002, began assisting the State to implement these corrective actions. The number of applications not processed nevertheless continued to increase. As of November 1, 2002, 106,342 IFG applications were received; 70,754 were processed; and 35,588 were pending; however, 33,144 of the pending cases were awaiting additional information from the applicant.¹⁹

Applications for assistance under the IFG program remain higher one year after this event than they did after one month. Figure 5 illustrates the trend.

Figure 5—Individual and Family Grant Applications through September 2002



Source: VA NPSC Data, November 2002

¹⁸ FEMA, "IFG Cumulative Status Report," August 26, 2002.

¹⁹ FEMA, "IFG Cumulative Status Report," November 1, 2002.

The increase in applications was neither anticipated by the State nor could it have been predicted. To prevent the recurrence of this situation in future, similar events, FEMA should (1) work with States electing to administer the new Individual and Households Program²⁰ to ensure that State contingency staffing plans can adapt to fluctuations in applicant activity; and (2) limit assistance for personal property whenever eligibility is determined without verification by inspection to disaster-related necessary expenses or serious needs that cannot be met by other insurance, government, and volunteer agency programs.

²⁰ DMA 2000 repealed Temporary Housing Assistance and the Individual and Family Grants programs and combined them into the Individual and Households Program.

INTERAGENCY COORDINATION CHALLENGES

Responsibilities shared among FEMA, EPA, and the U.S. Department of Justice (DOJ) Office for Victims of Crime were not defined clearly enough to distinguish roles and establish the sequence of delivery of assistance. Recovery from the September 11 event highlighted the need for advance agreements regarding shared roles and responsibilities among key agencies likely to respond to future events.

RESPONSE TO RESIDENTIAL AIR QUALITY, TESTING, AND CLEANING REQUIRES MORE COORDINATION

According to the Federal Response Plan, FEMA's responsibility to coordinate recovery from disasters declared by the President is to supplement, not supplant, State and local efforts. FEMA had not coordinated an indoor contaminant-cleaning effort during disaster recovery before September 11.

EPA's mission assignment from FEMA for this disaster initially included monitoring outdoor air quality by setting up stationary monitors in various locations in conjunction with the New York State Department of Environmental Conservation; vacuuming streets, parks, and other public areas in coordination with the New York City Office of Emergency Management; and setting up wash stations for workers and vehicles that hauled debris from the WTC site. EPA also assisted with the safety of first responders working at Ground Zero by providing personal protective equipment.



EPA was aware, based on its work in the aftermath of the 1993 WTC terrorist bombing, that the WTC towers contained asbestos material. Neither FEMA nor New York City officials, however, initially requested that EPA test or clean inside buildings because neither EPA nor the New York City Department of Environmental Protection (NYCDEP) could identify any specific health or safety threat. EPA nevertheless advised rescue workers early after the terrorist attack on the WTC that materials from the collapsed buildings contained irritants, and advised residents and building owners to use professional asbestos abatement contractors to clean significantly affected spaces. Directions on how to clean the exterior of buildings affected by dust and debris were provided to building owners by NYCDEP,

and directions on how to clean interior spaces were provided by the New York City Department of Health.

Notwithstanding EPA's initial efforts, concern continued about environmental quality inside residences. Much of the criticism for lack of Federal assistance in cleaning interior residential spaces was directed at EPA. Therefore, EPA established an Indoor Air Task Force in February 2002. This Task Force, composed of representatives from Federal, State, and local agencies including FEMA,²¹ considered indoor environmental issues and provided advice and counsel on potential health consequences in affected residences. A Mayor's Task Force was also created to review similar issues. Eight months after the disaster, in May 2002, based on the recommendation of these Task Forces, EPA, FEMA, and NYCDEP jointly announced a testing and cleaning program for residences in the lower part of the Borough of Manhattan. FEMA would fund the cleaning and testing program through NYCDEP pursuant to Sections 403 and 407 of the Stafford Act to hire contractors to test and/or clean residential interiors as a "debris removal" project and EPA staff would implement the program.

More than one year after the event, residents continue to seek information about and assistance with pollutant testing and cleaning their dwellings. On the recommendation of EPA, on August 16, 2002, the initial registration deadline of September 3, 2002, to request testing/cleaning was extended twice to December 28, 2002. Although many State and local officials and residents expressed satisfaction with the extended deadline, others remain critical of cleanup efforts. Residents expressed frustration in open forums with difficulties in obtaining program information or registering for assistance. They also expressed dissatisfaction with delays and a lack of systematic interior cleaning, and concern that some building managers responsible for common areas have not applied to have buildings tested and/or cleaned. An August 2002 survey conducted by the Office of the Manhattan Borough President indicated that 75 percent of the 700 residents in the Manhattan Borough who responded believed the air still contained toxins.

The demand for testing or cleaning has been low despite the continuing public perception that air quality remains an issue. Of an estimated 20,000 apartments in the lower part of the Borough of Manhattan potentially eligible, approximately 4,800 residents, as of October 2002, have requested cleanup. Approximately 1,150 have selected a "test only" option, under which NYCDEP and EPA test a residence for the presence of asbestos and clean up only if asbestos is detected at a hazardous level.²² NYCDEP and EPA began cleaning apartments in mid-September 2002, and 138 have been cleaned and found free of hazardous asbestos levels. NYCDEP and EPA also reported that they completed 108 "test only" residences, three of which contained dangerous asbestos levels.

²¹ The Indoor Air Task Force was composed of representatives from the EPA, FEMA, USDOL Occupational Safety and Health Administration, U.S. Department of Health and Human Services Agency for Toxic Substances and Disease Registry, N.Y. State Department of Health, N.Y. State Department of Environmental Conservation, N.Y. City Department of Health, N.Y. City Department of Environmental Protection, N.Y. City Mayor's Office of Environmental Coordination, and N.Y. City Office of Emergency Management.

²² New York Committee for Occupational Safety and Health, "NYCOSH Update on Safety and Health Archive," October 30, 2002.

Neither FEMA nor EPA traditionally has been involved in testing and cleaning private residences. Neither agency is specifically authorized to provide such services. However, when a potential health and safety threat was identified and New York officials documented that interior testing and cleaning would beneficially impact the City's economic recovery, FEMA used its debris removal authorities under the Stafford Act to provide the necessary funding. Though the entire New York public cannot be serviced, the low level of applications for cleaning and testing, along with the low number of residences found with dangerous asbestos levels, may indicate that FEMA and EPA have addressed the need, or that individuals already have taken the initiative to clean their residences.

FEMA and EPA entered into two interagency agreements before the interior cleaning/testing project was instituted. The purpose of these agreements was to help verify the existence of health and safety issues associated with WTC dust. FEMA agreed to reimburse EPA for:

INDOOR AIR QUALITY/INTERIOR CLEANING STUDY

This agreement was executed on June 6, 2002. As many as seven contaminants of potential concern may have spread into buildings as a result of the collapse of the WTC buildings. EPA initiated a cleaning study to evaluate the different types of cleaning procedures that are effective for removing the contaminants. A final report is due on January 30, 2003.

BACKGROUND SAMPLING

This agreement was executed on June 12, 2002. Most, if not all, of the pollutants were present in New York City's environment before the disaster. EPA is collecting and analyzing additional indoor samples to determine the presence of potentially harmful contaminants in several buildings that were not affected by the collapse of the WTC buildings. The results of these activities will establish baselines for the presence of contaminants in affected residences and buildings, as well as support decisions about cleanup levels to address future threats to public health and safety. A final report was due on November 30, 2002.

The program to test and clean residences in lower Manhattan did not commence until months after the disaster. Although FEMA has the responsibility to coordinate recovery from presidentially declared disasters, FEMA must depend on the particular expertise of EPA in circumstances involving possible air contaminants or environmental hazards. EPA must confirm that such hazards constitute a public health and safety threat before FEMA can provide funding for emergency response. FEMA should be more proactive in requesting EPA to conduct necessary testing and/or studies to determine if a public health or safety threat exists in future, similar disasters so that cleaning efforts can begin much earlier in the recovery phase. FEMA also should address the roles of State and local agencies in such circumstances, as consultation with these agencies would provide useful information in review or evaluation.

DEPARTMENT OF JUSTICE ASSISTANCE MIRRORS COMPONENTS OF FEMA’S CRISIS COUNSELING AND INDIVIDUAL AND FAMILY GRANTS PROGRAMS

Because the September 11 terrorist attack sites were presidentially declared disasters resulting from criminal actions, both FEMA and the DOJ’s Office for Victims of Crime (OVC) had authority to provide victim assistance. FEMA’s Crisis Counseling Assistance and Training Program (CCP) providers found it necessary to offer support services that went beyond the normal levels of CCP mental health programs. Too many entities were involved at the outset to ensure coordination and avoid potential confusion of services provided to victims.

□ GEOGRAPHIC AND LOSS CATEGORIES OF NEEDS

CCP assistance may be provided to individuals residing or located in the declared area at the time of the disaster. Because of this disaster’s effects on families, relatives, and friends living outside these areas, however, CCP grants were awarded under the New York disaster to Pennsylvania, Massachusetts, New Jersey, and Connecticut as well as the declared areas of New York. Each of these States applied separately for CCP assistance.

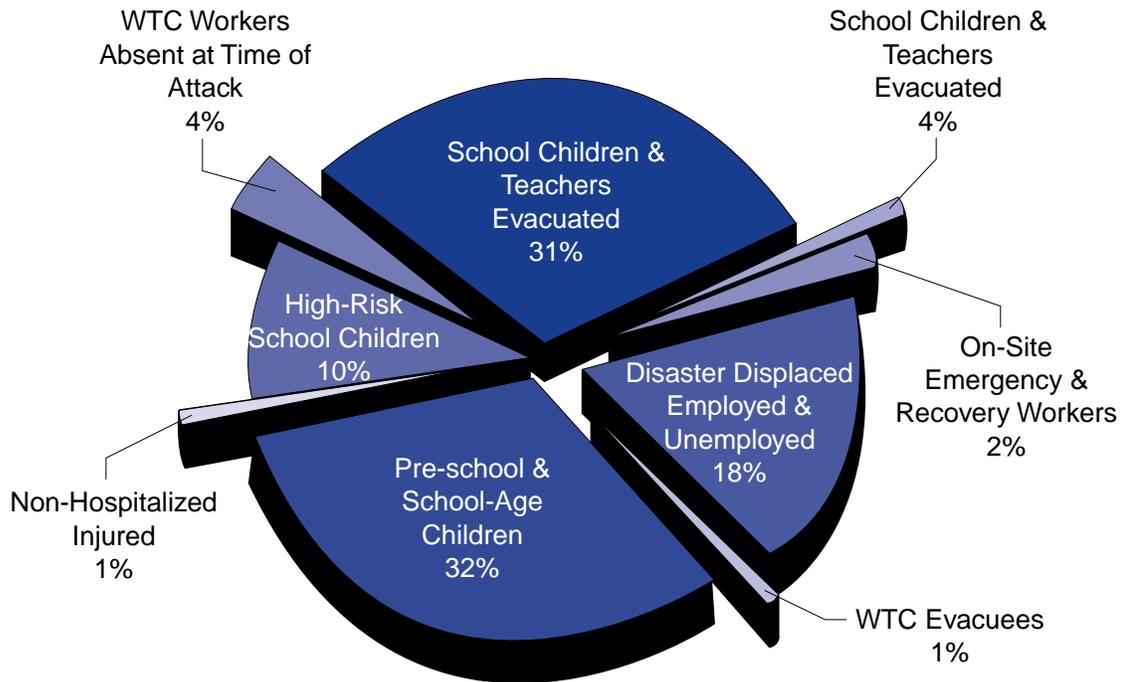
FEMA’s funding for the CCP led to the creation of Project Liberty, an umbrella for CCP providers in New York State under which a majority of services were delivered. Project Liberty’s Immediate Services Program provided short-term outreach, education, crisis counseling, and referrals to longer-term mental health services. Project Liberty’s Regular Services Program goals were to assist “those most impacted by the disaster to recover from their psychological reactions and regain their pre-disaster level of functioning”²³ and “to enhance resiliency in impacted individuals, families, and communities and thereby reduce suffering, improve functioning, and help prevent psychopathology.”²⁴

Classifications of loss categories were incorporated into a formula estimating disaster mental health needs and using an “at-risk multiplier” developed through research by the Center for Mental Health Services (CMHS). Standard categories include dead, hospitalized, non-hospitalized injured, homes destroyed, homes with major damage, homes with minor damage, and disaster unemployed. States may add or subtract classifications as they see fit in planning for counseling services. New York made a detailed, event-specific list of categories of victims, including rescue and recovery workers from the public and private sectors; individuals employed in and around the WTC towers who either escaped, were evacuated, or had not been on site at the time of the disaster; and at-risk individuals who were most likely to experience trauma from the event due to their age or disability. Figure 6 illustrates the categories of victims needing services.

²³ New York State, Regular Services Application, “Executive Summary,” January 2002.

²⁴ New York State, Project Liberty Strategic Goals and Objectives for the Regular Services Program, July 2002.

Figure 6—Categories of New York State Victims Targeted for Counseling Services After September 11, 2001



Source: New York State, Regular Services Application Conditions Response, June 2002

❑ DEPARTMENT OF JUSTICE AUTHORITIES COMPLIMENT FEMA AUTHORITIES

The September 11 incidents uncovered potential DOJ-FEMA overlaps in some programs covering disaster areas that are also crime scenes. FEMA’s CCP program funds crisis counseling and IFG program reimburse victims of disasters for medical, dental, and funeral expenses. The Victims of Crime Act of 1984, as amended (42 United States Code §10603), authorizes DOJ’s OVC to provide financial assistance to victims of federal crimes and of terrorism and mass violence in the form of (1) grants to State crime victim compensation programs to supplement State funding for reimbursement of the same out-of-pocket expenses, including mental health counseling, and (2) grants to State victim assistance agencies in support of direct victim services, i.e., crisis counseling, criminal justice advocacy, shelter, and other emergency assistance services.

OVC awards discretionary grants to State crime-victim assistance agencies. The funds are then sub-granted to community agencies and non-profit organizations. For-profit organizations and individual service providers are not eligible to receive this assistance. The grantees must use Victims of Crime Act funds only for direct victim services and may include social service and other public mental health agencies, hospitals, emergency medical facilities, religious-affiliated entities, and other groups. In addition, OVC received an appropriation earmarked by Congress to support counseling programs for victims, family members of victims, and rescue workers who responded to the September 11 terrorist attacks.

Victims are also reimbursed by the State victim-compensation agency for out-of-pocket medical expenses not covered by insurance, including counseling costs. Statistically, fees to hospitals, doctors, and therapists usually comprise well over half of the amounts paid to victims of crime. After the September 11 event, however, reimbursements for mental health counseling by the New York State Crime Victims Board were minimal. The vast majority of Victims of Crime Act reimbursements were for lost wages and support, such as earnings, child support, alimony, and disability insurance. This pattern may have been due to the many free counseling resources that were being offered.

All FEMA compensation programs are “payers of last resort,” meaning that any collateral sources of payment to the victim, such as medical or auto insurance, employee benefit programs, Social Security, Medicaid, or other public benefit program, must be used first. The volume of individuals seeking assistance and the number of organizations responding to the September 11 event made it difficult to determine the primary sources of assistance.

FEMA, OVC, and DOJ’s Executive Office for United States Attorneys subscribed to a *Letter of Intent* in October 1996 to ensure that victims receive needed services and information and to articulate services needed in responding to catastrophic federal crime. FEMA officials told us that verbal agreement had also been reached soon after September 11 between DOJ and FEMA on the sequence of delivery of services. Expenses related to medical, dental, and funeral services, for example, were to be covered by DOJ rather than the IFG Program.

The *Letter of Intent* should serve as the foundation for future cooperative activities but more detailed and comprehensive guidance is necessary to ensure that services delivered to disaster victims who are also victims of crime are appropriate, consistent, and not duplicative. These objectives could be accomplished through a Memorandum of Understanding between FEMA and DOJ’s OVC that formalizes the relationship, the responsibilities and authorities to be applied, programs, time frames, and sequencing when a disaster is also a crime scene.

❑ **CCP PROVIDED ADDITIONAL REFERRAL SERVICES**

The recovery needs of disaster victims may involve physical, structural, and economic issues in addition to mental health. Although counseling other than mental health is outside the scope of the CCP, counselors nevertheless played a pivotal role in assisting victims to address other needs. The number of referrals for non-counseling assistance needed by victims in this disaster was greater than usual because of the large number of people affected, the many organizations providing various types of assistance, the significant ethnic and linguistic diversity in the affected communities, and the frequently changing list of available assistance. In addition to providing mental health service, some mental health counselors assisted in completing victims’ financial forms and translated instructions and procedures for applying to various programs as well as referring victims to disaster services available through FEMA teleregistration; State and voluntary agencies such as the American Red Cross, Salvation Army, Interfaith Disaster Recovery Services; and Unmet Need Committees. It is appropriate for mental health counselors to participate to some extent in activities that help ensure coordination of comprehensive services but it is outside CCP guidelines for counselors to assume a central role in obtaining or coordinating the services.

The New York State Crime Victims Board confirmed that non-counseling assistance was a primary need of victims. Crime-victim compensation programs depend largely on the professionals who daily provide medical and counseling services to make victims aware that financial assistance is available. The victim compensation programs typically expend considerable effort to train professionals for this additional responsibility.

❑ MANY ENTITIES PROVIDED COUNSELING-TYPE ASSISTANCE

Numerous organizations, *ad hoc* groups, and voluntary agencies counseled victims. Irrespective of how well intentioned these *ad hoc* providers may have been, a significant number of victims may have received inaccurate or, possibly, even harmful services from individuals not certified, licensed, or otherwise sanctioned by the State to provide mental health services. These individuals may not have received appropriate training or oversight regarding the mental health needs of disaster victims, or the appropriate services, methods, and resources available under the incident command structure. New York attempted to coordinate with providers through FEMA; however, providers rarely shared detailed information on eligibility requirements, types and amounts of assistance being provided, qualifications of the providers, and data collected.

Among the primary goals of Project Liberty are developing reliable referral resources, establishing links among mental health service providers, and using resources efficiently. Project Liberty officials continue to work to ensure that the services provided to the disaster victims and their families are appropriate, timely, and non-duplicative.

❑ SHORT-TERM COUNSELING VERSUS LONGER-TERM MENTAL HEALTH NEEDS

New York stated in its application for CCP assistance that research suggests that victims of intentional events, such as terrorism, have higher rates of psychological distress than those who have experienced “natural” events. FEMA’s resources are directed toward short-term assistance. Program limitations are placed on the provision of medication, hospitalization, long-term therapy, childcare, transportation, fundraising activities, advocacy, and case management. DOJ’s assistance also is generally limited to a maximum of 4 years.

It is too early in the recovery process to tell how effective these interventions may be in precluding longer-term psychological difficulties. There is a public perception that FEMA should be providing assistance for as long as it will take victims to recover but FEMA funds are emergency in nature. Other Federal entities, such as HHS’s CMHS, fund more long-term endeavors. CMHS has been proactive and is already funding and studying the long-term mental health needs stemming from this event.

COORDINATION WITH VOLUNTARY AGENCIES

FEMA is authorized by the Stafford Act to coordinate the activities of voluntary agencies (VOLAGS) to the extent that they “agree to cooperate under this advice or direction.” FEMA exercises its lead responsibility in an environment of consensus that allows the VOLAGS to carry out their missions in a coordinated manner. Working arrangements with established organizations that are normally involved in providing disaster assistance are made in advance.

VOLAGS typically provide immediate emergency assistance to victims, FEMA addresses short- and long-term recovery needs, and, near the end of the recovery cycle, VOLAGS address victims’



unmet needs. After the September 11 terrorist attacks, individuals donated time, resources, and money in record volumes to a large number of VOLAGS. The overwhelming generosity and rapid influx of cash donations likely contributed to the ability of VOLAGS and other groups to provide higher levels of assistance. Since so many VOLAGS, *ad hoc* organizations, and other entities not traditionally in the sequence of delivery were distributing assistance, it was difficult to collect accurate information necessary to understand the scope of assistance being provided.

FEMA, attempting to bring order to the chaos created by the multitude of voluntary organizations, developed a matrix of various government and non-government entities. At one point, this matrix included over 100 organizations and was used to

identify their contributions to disaster recovery efforts and the types of assistance provided. FEMA validated the information and became familiar with the kinds of assistance being offered so that staff could make informed referrals. FEMA believes that this information was used widely by the media as an authoritative guide to assistance available, and the matrix was distributed and used nationwide. In spite of these efforts, FEMA was not able to ensure that all voluntary agencies were coordinated appropriately.

FEMA is required by the Stafford Act to ensure that benefits are not duplicated among disaster programs, insurance benefits, and/or any other types of disaster assistance. Historically, FEMA

has not considered the assistance of voluntary agencies to be duplicative under normal disaster conditions. In response to this event, however, VOLAGS far exceeded their traditional role in the provision of assistance. FEMA, to ensure timely assistance to victims, decided to activate its own IA program and to treat VOLAG and other non-governmental assistance as non-duplicative as it related to the events of September 11. FEMA determined that VOLAGS and *ad hoc* agencies were making one-time grants or lump-sum payments that covered more than one type of assistance and could be judged as “gifts.”

Although FEMA works extensively on an ongoing basis with VOLAGS to coordinate assistance, FEMA has found that the effort involved in identifying and quantifying the variety of sources of VOLAG assistance in its many forms, is not cost-effective for the purpose of avoiding duplication of benefits on a case-by-case basis. Furthermore, many organizations are reluctant to share client information with other VOLAGS, let alone the Federal Government. Had FEMA expended the resources necessary to fully identify and quantify such assistance after September 11, the timely provision of urgently needed assistance would have been delayed. FEMA acknowledges, however, that some people may have received assistance for similar losses from more than one source.

Regardless of FEMA’s decision to not identify and quantify voluntary agency assistance on a case-by case basis, the potential that duplication occurred does exist although the nature and amount of duplication remain unknown. FEMA needs to be better able to anticipate the proactive role non-governmental organizations will play in disaster recovery operations and attempt to coordinate relationships with those organizations through protocols such as Memorandums of Understanding to alleviate the potential for duplicating benefits. The General Accounting Office (GAO) has also emphasized the need to improve coordination among charities and between charities and FEMA.²⁵

²⁵ GAO draft report, “More Effective Collaboration Could Enhance Charitable Organizations’ Contributions in Disaster,” December 2002.

PERCEPTION OF OUTREACH SHORTFALLS

Some members of Congress and advocacy groups remain critical of FEMA's efforts to inform disaster victims about assistance despite an outreach program that was the most comprehensive in FEMA history. Program adjustments made during recovery and ethnic and linguistic diversity



within the affected communities challenged FEMA significantly. Critics claim that outreach shortcomings may explain why some eligible individuals still have not been informed about assistance available or how to apply.

FEMA deployed Community Relations Teams (107 FEMA members and 32 DOJ outreach workers at peak) that distributed disaster assistance information door-to-door, manned FEMA's HELPLINE and toll-free registration line, and staffed Disaster Assistance Service Centers to

disseminate information in 17 languages. These efforts were made to ensure that all victims had information about assistance with housing, transportation, damage to personal property, business losses, or loss of employment earnings. FEMA also conducted an extensive advertising campaign that included:

- ▶ Distribution of public service advertisements to all network stations, cable operators, and more than 500 daily and weekly newspapers serving the metropolitan New York area promoting IA programs;
- ▶ Placement of paid advertisements promoting the expanded MRA eligibility criteria in six daily mainstream newspapers, seven community newspapers, and 26 foreign-language newspapers;
- ▶ Distribution to radio stations in the New York metropolitan area of public service advertisements promoting the expanded MRA eligibility criteria in six languages;
- ▶ Placement of MRA advertisements and articles in newsletters of various agencies, including the United Services Group, Downtown Alliance, and the 9/11 Families Coalition; and
- ▶ Placement of posters advertising the MRA program and the expanded eligibility criteria in ferries, ferry terminals, and Port Authority Trans-Hudson (PATH) stations in New York and New Jersey.

FEMA also developed program brochures in several languages, including MRA-specific brochures in seven languages. Brochures were distributed at community meetings, FEMA's Applicant Assistance Center, and through voluntary agencies.

FEMA, recognizing the unique needs of the New York area, employed many non-traditional means to encourage individuals having disaster-related needs to register for assistance. These included establishing links to FEMA's website from myriad websites, posting the teleregistration number on the Madison Square Garden and NASDAQ marquees, and developing partnerships with newspapers to distribute copies of the Disaster Assistance Guides that included specific information for victims affected by the September 11 attack.

Following the expansion of the MRA eligibility criteria, FEMA created an extensive collection of information on its website, www.fema.gov, with a direct link to MRA information. FEMA developed a Question & Answer section, translated into seven languages, and posted sample application forms to help applicants better understand the process.

FEMA regularly briefed New York congressional and legislative staffs and trained staffs of community-based organizations and voluntary agencies to distribute information to their constituency groups. An unprecedented intergovernmental outreach effort was undertaken that consisted of regular updates and briefings for the borough presidents, the City Council and its many members and committees, and various community boards.

Some in Congress and various advocacy groups nevertheless cited shortcomings, including failures to disseminate information to large groups, to explain available programs adequately, and to tailor information to the ethnic and linguistic diversity in affected communities. For example, FEMA began some advertising of IA programs late in the recovery phase. Advertisements were placed in foreign press papers in August 2002, in mainstream papers in November 2002, and on buses and subways in December 2002. New York City Council staff members stated that it continues to be difficult to find out what FEMA programs are available and how they apply to the specific circumstances of victims. New York City officials also stated that FEMA's outreach inadequately distributes information about programs that are constantly changing.

The New York delegation has continually called for broader outreach and better explanations of programs, as well as better explanations of how expanded MRA guidelines apply to victims' circumstances. In addition, advocates following implementation of the MRA program could not access current and accurate information; therefore, it is possible that some disaster victims remain unaware of their new eligibility and, thus, have not applied.²⁶ Finally, anecdotally, we were told that FEMA employees answering the HELPINE resisted providing information to victims. The groups who remain critical said that their constituents complained that FEMA disseminated complicated, confusing, and conflicting information about IA programs. This may be reflective, however, that these programs are complicated and in an attempt to reach as many people as possible, FEMA may not have been able to always convey the various eligibility requirements for each program

FEMA's outreach shortcomings may have led, for example, to misunderstanding the Disaster Unemployment Assistance (DUA) program. USDOL provided DUA liberally and allowed for

²⁶ The Urban Justice Center, *Ripple Effect—The Crisis in NYC's Low-Income Communities After September 11th*, September 2002.

(1) disaster unemployment benefits to a broader range of survivors than in the past, (2) extraordinarily long application periods, (3) more flexible documentation standards, and (4) a 13-week extension in the duration of benefits. DUA program assistance nevertheless may not have met applicant expectations. Numerous advocacy groups stated that eligibility was unjustly limited or that improper processing excluded eligible applicants.

Federal regulations provide that decisions to deny benefits be scrutinized to ensure that maximum assistance is consistently delivered. Because this event involved an historically disproportionate denial rate, USDOL officials examined the records maintained by New York State to determine if denial decisions were consistent with guidelines and regulations. The examination revealed that denials did fall within acceptable parameters. Most denials appear to have resulted from misinformation or misunderstanding about eligibility or the specific benefits covered, and/or the application process.

Many groups praised FEMA for attempting to reach non-English-speaking communities by distributing multilingual brochures about assistance programs. They believe, however, that FEMA should go further to reach communities by placing additional multilingual advertisements in subways, buses, newspapers, radio, and other venues. The groups also stated that FEMA must do more to assist non-English-speaking applicants in completing various applications. These applicants were not informed in their native language about available assistance and became frustrated with the application process. Because of language differences, a universe of potential applicants having legitimate needs may not have been fully addressed.

To avoid this situation in the future, FEMA should undertake the following much earlier in the recovery phase of a disaster: (1) broaden its outreach capability to provide current brochures in multilingual formats that define IA programs and eligibility criteria, (2) better inform non-English-speaking victims about IA programs, and (3) assist non-English-speaking victims in applying.

UNMET NEEDS

Several gaps in authorizations appear to exist for FEMA and other Federal agencies to address recovery needs of certain individuals and businesses. We believe these gaps may be of concern in future disasters.

FEDERAL PUBLIC BENEFIT CLASSIFICATION LIMITS IA ELIGIBILITY

Title IV of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 requires that Federal public benefits be provided only to United States citizens, non-citizen nationals, and qualified aliens. Under Title IV, the following FEMA IA programs authorized by the Stafford Act are considered Federal public benefits:

- ▶ Temporary Housing Assistance
- ▶ Unemployment Assistance
- ▶ Individual and Family Grants Programs
- ▶ Food Coupons and Distribution

Temporary Housing Assistance and the IFG program have been repealed and combined into one grant program, the Individuals and Households Program, under DMA 2000. This new program falls under the Federal public benefit standard.

The recipient limitations imposed by the Federal public benefit standard do not apply to some types of post-disaster assistance. Any victim may receive short-term, non-cash, in-kind emergency disaster relief, including emergency medical care, emergency mass care, emergency shelter, and other assistance provided by VOLAGS. Other recovery tasks also must occur without regard to limitations. These include clearing roads; constructing temporary bridges needed to perform emergency repairs and deliver essential community services; warning of further risk or hazards; disseminating public information; assisting victims with health and safety measures; providing food, water, medicine, and other essential goods; transporting supplies or persons; and otherwise reducing immediate threats to life, property, and public health and safety.

The September 11 disaster affected victims who are not United States citizens, non-citizen nationals, or qualified aliens but who were lawful residents of the United States under a valid immigration category or classification. Because these residents are not granted an alien status that would allow them to receive a Federal public benefit, they were ineligible for assistance under the IA program. For example, individuals who possess an unexpired Employment Authorization Card, which permits lawful employment in the United States, are precluded from Federal public benefit assistance. One immigration advocacy group estimates that as many as 80,000 lawfully present

²⁷ The New York Immigration Coalition, "Recommendation to Improve FEMA's Mortgage and Rental Assistance Program," June 23, 2002.

individuals in New York are not qualified for Federal disaster assistance beyond the short-term emergency relief.²⁷

FEMA should consider pursuing legislative changes that would exempt FEMA's IA programs from the Federal public benefit classification when victims needing IA are lawfully present in the United States at the time of the applicable disaster but may not have the qualified alien status required by Title IV of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996.

FEMA ASSISTANCE FOR NON-CRITICAL PRIVATE NON-PROFIT SERVICE ORGANIZATIONS IS LIMITED

To be eligible for FEMA grant assistance, a Private Non-Profit (PNP) organization must fall within the Stafford Act's definition of a PNP that provides an essential service of a governmental nature. This was true prior to DMA 2000 and DMA 2000 did not change the definition of an eligible PNP applicant. However, with DMA 2000, Congress created a two-tiered system of reimbursement for FEMA-eligible PNP's. For eligible PNP facilities that provide "critical services," FEMA may provide assistance for eligible work just as it did prior to DMA 2000. For eligible non-critical PNP facilities, DMA 2000 now requires the PNP to first apply to SBA. FEMA can then provide the PNP assistance if the PNP does not qualify for an SBA loan or if it obtains one in the maximum amount for which it is eligible.

The intent of Congress to limit grant assistance to "critical" PNP organizations without applying first for a loan, is unambiguous. Even the discretion given to the President to add to the list of "critical" PNP services is limited to a few emergency-related activities. The attacks of September 11 enabled the first significant test of this new approach to funding PNPs, and the reactions were predictable. PNPs that lost immediate access to grants as a result of DMA 2000—Colleges, Universities, and various providers of social services—understandably questioned the equity of the new law. While these changes were under consideration by Congress, concern surfaced that dividing PNP services into "critical" and "non-critical" categories would be perceived as inequitable and would, in fact, affect the relatively smaller and less well financially endowed organizations more substantially than larger organizations that enjoyed better, ongoing access to other forms of revenue.

On December 12, 2002, FEMA implemented a new policy, based on the President's announcement to strengthen the Administration's compassion agenda by making it easier for America's faith-based and community groups to work with the Federal Government. FEMA's new policy extends assistance to eligible and necessary faith-based organizations by broadening the eligibility of certain non-profit organizations to receive federal disaster assistance. This policy recognizes the statutory eligibility of PNP organizations that provide necessary and vital functions to local communities and is retroactive to January 20, 2001.

Congress may wish to reconsider this "critical" and "non-critical" PNP approach and either require all PNPs to apply first for an SBA loan, which would achieve greater cost-savings, or require no PNPs to apply for loans before qualifying for FEMA grants, which would level the playing field but increase the amount of Federal grant assistance.

LEGISLATIVE ISSUES

Congress may wish to consider legislation to either reinstate the MRA program or develop a comparable program. Congress also might wish to consider whether FEMA or another Federal agency should administer grants to small businesses that have been adversely affected by a disaster.

MRA Is ELIMINATED BY THE DISASTER MITIGATION ACT OF 2000

DMA 2000 amendments to the Stafford Act repealed the MRA program as a component of FEMA's Temporary Housing Assistance for disasters declared on or after May 1, 2002. FEMA received an extension from Congress and has made this effective for all disasters declared on or after October 15, 2002. DMA 2000 also establishes a \$25,000 cap on the Individuals and Households Program. These new limitations raise serious issues for addressing economic losses and financial hardships suffered by victims of events similar to this one. Congressional consideration may be warranted to better position FEMA to address economic issues in future acts of terrorism.

GRANTS TO SMALL BUSINESSES WERE MADE ON AN *AD HOC* BASIS

In its November 2002 report, *September 11, Small Business Assistance Provided in Lower Manhattan in Response to the Terrorist Attacks*, GAO documented assistance made available under various grant and loan programs to both public and private entities. GAO reported, "The September 11, 2001 terrorist attacks on the World Trade Center had a substantially negative impact on the New York City economy, strongly affecting businesses, both large and small, and as disparate as financial services firms, travel agencies, and retail stores. Some businesses were destroyed, some displaced, and still others could not operate because of street closures and the lack of utilities. Many businesses still face a diminished client base and uncertainty about the future redevelopment of the World Trade Center site." There is, however, presently no on-going Federal program that provides grant support to businesses adversely affected by disasters, except in the instance of special legislation targeted to an event.

FEMA is prohibited by the Stafford Act from providing disaster assistance to businesses of any size. The Stafford Act provides funding, principally in the form of grants, to individuals, State and local governments, and certain private, non-profit organizations adversely affected by a disaster. SBA is authorized to provide loans, not grants, to businesses adversely affected by a disaster. SBA is administratively prohibited, however, from making loans to businesses that do not meet specific and generally established eligibility criteria. SBA was unable, for example, to make loans to businesses that did not meet the agency's size standards or financial qualifications.

SBA's limited ability to assist businesses financially after the September 11 event was recognized early in the response phase. FEMA, under special legislation, was already involved in compensating businesses adversely affected by the May 2000 Cerro Grande fire in northern New Mexico. Some

members of Congress introduced legislation specific to the September 11 events that would allow FEMA to initiate a similar program in Lower Manhattan.²⁸ The bill would have authorized FEMA to compensate businesses in an amount generally not to exceed \$500,000 for specified business losses. A companion bill was introduced in the House of Representatives. Neither bill, however, was enacted.

Alternatively, Congress enacted the Department of Defense and Emergency Supplemental Appropriations for Recovery From and Response to Terrorist Attacks on the United States Act of 2002, a provision of which allowed the State of New York to use Community Development Block Grant (CDBG) funds administered by the U.S. Department of Housing and Urban Development (HUD) to make Business Recovery Grants. GAO noted that the Business Recovery Grants covered, in total, about 17 percent of business losses that were not covered by insurance and New York City and State grants. GAO further reported that the Empire State Development Corporation, which is administering the Business Recovery Grant program, planned to increase payments to some businesses and thereby reduce the amount of their uncompensated economic losses.

Congress may wish to consider whether the Federal Government should be the insurer of last resort for all or part of disaster-related business losses. Such a policy decision would eliminate the need to respond on an *ad hoc* basis after each terrorist attack that results in a presidential disaster declaration. Factors that should be considered are whether the lack of such assistance in recovering from difficulties related to terrorist incidents could increase other Federal response costs, such as DUA and MRA; and the respective roles of FEMA, SBA, and HUD in administering financial assistance to small businesses.

²⁸ Cerro Grande Fire Assistance Act, Division C. It should be noted that FEMA received substantial assistance from SBA in implementing the compensation program for businesses.

APPENDIX A: SUMMARY OF ISSUES REQUIRING FEMA'S ATTENTION

The following summarizes issues that FEMA should consider addressing to improve its delivery of assistance to victims of future terrorist attacks that result in presidential disaster declarations. Issue 1 and 8 will require FEMA's coordination with Congress.

1. Examine how to address individual economic loss from a terrorist attack or other catastrophic events that results in widespread economic disruption. Specifically, the following characteristics need to be considered in developing a program that addresses economic loss and financial hardship:
 - ▶ Distinguishes between physical and economic loss;
 - ▶ Has fair and equitable eligibility criteria and operational procedures and does not appear arbitrary;
 - ▶ Reaches diverse ethnic populations in dense urban areas to provide assistance in a timely fashion;
 - ▶ Simplifies documentation requirements and addresses the inability of some disaster victims to produce traditional documentation of ability to pay a mortgage or rent;
 - ▶ Recognizes the hardships of extremely low-income populations by developing a comprehensive mechanism to define "economic loss" and "financial hardship" in relation to victims' ability to pay rent or mortgage;
 - ▶ Distinguishes clearly between pre- and post-disaster economic conditions;
 - ▶ Is flexible in defining the time period during which assistance will be provided; and
 - ▶ Is easy to implement even though infrequently used and does not require specialized training.
2. Work with States electing to administer the new Individual and Households Program to ensure that State contingency staffing plans can adapt to fluctuations in applicant activity.
3. Limit assistance for personal property whenever eligibility is determined without verification by inspection to disaster-related necessary expenses or serious needs that cannot be met by other insurance, government, and volunteer agency programs.
4. Be more proactive in requesting EPA to conduct necessary testing and/or studies to determine if a public health or safety threat exists in future, similar disasters so that cleaning efforts can begin much earlier in the recovery phase. In addition, address the roles of State and local agencies in such circumstances, as consultation with those agencies would provide useful information in review or evaluation.

5. Prepare more detailed and comprehensive guidance to ensure that counseling services delivered to disaster victims who are also victims of crime are appropriate, consistent, and not duplicative. These objectives could be accomplished through a Memorandum of Understanding between FEMA and the U.S. Department of Justice Office for Victims of Crime that formalizes the relationship, the responsibilities and authorities to be applied, programs, time frames, and sequencing when a disaster is also a crime scene.
6. Be better able to anticipate the proactive role non-governmental organizations will play in disaster recovery operations and attempt to coordinate relationships with those organizations through protocols such as Memorandums of Understanding to alleviate the potential for duplicating benefits.
7. Undertake efforts much earlier in the recovery phase of a disaster to (1) broaden its outreach capability to provide current brochures in multilingual formats that define IA programs and eligibility criteria, (2) better inform non-English-speaking victims about IA programs, and (3) assist non-English-speaking victims in applying.
8. Pursue legislative changes that would exempt FEMA's IA programs from the Federal public benefit classification when victims needing IA are lawfully present in the United States at the time of the applicable disaster but may not have the qualified alien status required by Title IV of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996.

APPENDIX B: FINANCIAL STATUS OF INDIVIDUAL ASSISTANCE PROGRAM AS OF NOVEMBER 1, 2002

TEMPORARY HOUSING ASSISTANCE	
Mortgage and Rental Assistance	\$76,275,000
Minimal Home Repair	\$1,450,000
Transient Accommodations	\$1,225,000
Rental Assistance	\$26,150,000
INDIVIDUAL AND FAMILY GRANTS	\$25,400,000
CRISIS COUNSELING ASSISTANCE AND TRAINING PROGRAM	\$162,400,000*
UNEMPLOYMENT ASSISTANCE	\$13,200,000
LEGAL SERVICES	\$2,000
TOTAL FEMA INDIVIDUAL ASSISTANCE FOR NEW YORK	\$306,102,000

* Approved funding includes New Jersey, Connecticut, Massachusetts, and Pennsylvania

APPENDIX C: ISSUES RAISED AT PUBLIC FORUMS

The Office of Inspector General participated in two roundtable forums in New York City hosted by representatives of various members of Congress and the New York City Council. These roundtables enabled local community, advocacy, and voluntary organizations from New York and New Jersey, as well as members and staff of Congress and the New York City Council, to discuss concerns regarding FEMA's implementation of the IA programs in response to the events of September 11, 2001. The following issues were discussed:

- ▶ Poor coordination between FEMA, other Federal agencies, and voluntary agencies led to misinformation and applicant confusion.
- ▶ Outreach needs improvement. People were not well informed of assistance programs and types of assistance available; foreign-language speakers had difficulty completing applications written in English; application requirements need to be better specified and conveyed to applicants.
- ▶ To be eligible for MRA, an applicant had to live or work in Manhattan. Replace restrictive programmatic guidelines with more lenient guidelines to ensure that all victims having disaster-related needs are assisted. Guidelines should be clear so that decisions are less arbitrary; however, for some unique situations, eligibility determinations should be made on a case-by-case basis.
- ▶ FEMA's role regarding small businesses needs to be revised so that business losses are reimbursed adequately; small businesses should be able to participate in a program similar to the MRA program.
- ▶ The exclusive use of cash made it difficult for some applicants to verify place of residence or employment; some landlords and/or employers also were unwilling to verify place of residence or employment. Allow alternative forms of verification for all temporary housing programs.
- ▶ The availability of MRA to applicants in a lower-income scale might have been impeded if those applicants (1) had a history of pre-disaster arrears in rental and/or mortgage payments, and (2) had not met the 25-percent loss-of-income threshold.
- ▶ The quality of the air inside residences, schools, and businesses and the unclear assignment to a specific agency of the responsibility for cleanup.
- ▶ Frustration of applicants who found it difficult to get through to New York State to apply for assistance from the IFG program, a cumbersome IFG applications process, an applications backlog, and low approval rates. Expand the IFG program to ensure that all disaster-related needs not met through other assistance are addressed.
- ▶ A need for legislation to reinstate MRA or to develop a comparable program so that economic assistance can be provided after future events of this type.
- ▶ Clearer correspondence. MRA applicants that failed to submit a required document received correspondence from FEMA stating that they were "denied" assistance and might have interpreted this as complete ineligibility for the program.

- ▶ Reconsideration of residency requirements. Assistance under the MRA program is not available to applicants who have relocated from their pre-disaster residence. Some applicants have relocated (1) due to an inability to continue living in the affected area and (2) to obtain housing commensurate with their post-September 11, 2001, financial status. Victims who had to move from their pre-disaster residence because of the disaster should be eligible for assistance.
- ▶ Applicants who were initially ineligible for MRA may not have reapplied after the eligibility criteria became more lenient. FEMA should review applications that were previously denied.
- ▶ Simplification of temporary housing assistance applications. Applications should have less extensive document requirements and explain the remaining requirements more clearly. The two-step registration process of calling teleregistration and then completing an application is confusing—some believe that after calling teleregistration, the process is already working on their behalf.
- ▶ Eligibility periods for the temporary housing programs, namely the MRA and IFG programs, should be extended well into 2003.
- ▶ The time to process and approve temporary housing program applications is too long.
- ▶ A voucher system. Low-income victims cannot afford to purchase cleaning equipment available under the IFG program and be reimbursed at a later date.
- ▶ MRA eligibility criteria penalize those who do not want to ruin their credit by waiting to owe mortgage or rent payments before they apply for assistance. Waiting for an eviction or disclosure notice to apply for assistance is too late.
- ▶ Low approval ratings for Disaster Unemployment Assistance.
- ▶ Caseworkers taking housing assistance applications are not adequately familiar with the programs. Caseworkers in other states are not familiar with the situations in New York. There is a need for better training.
- ▶ Concerns that multiple FEMA caseworkers are working on one application; one caseworker for each application was suggested.
- ▶ The standard of recognition for medical and psychological trauma needs to be clearly defined.
- ▶ FEMA should re-open any program that did not reach eligible applicants.
- ▶ When former housing assistance recipients later apply for assistance from the public welfare system, assistance received from FEMA looks like an asset and adversely affects their application.
- ▶ FEMA should recognize the burden placed on the health-care infrastructure with respect to unemployed, uninsured individuals; the mental health infrastructure should also be increased and sustained.
- ▶ A health care program is needed that expands on the September 11 Fund Program and provides health care to victims.
- ▶ Individuals having insurance are penalized by having to wait to see what their insurance company paid to cover losses.
- ▶ The amount of housing assistance provided is usually not sufficient to meet individuals' needs in a large urban environment.

PUBLIC FORUM ATTENDEES

Representatives from the following offices and entities include:

- ▶ Representative Maloney
- ▶ Representative Nadler
- ▶ Representative Velazquez
- ▶ Representative Serrano
- ▶ Representative Rangel
- ▶ Representative Menendez
- ▶ Representative Rothman
- ▶ Representative Meeks
- ▶ Senator Schumer
- ▶ New York City Council
- ▶ New York State Senate
- ▶ New York State Assembly
- ▶ Manhattan Borough President's Office
- ▶ Urban Justice Center
- ▶ Rebuild with a Spotlight on the Poor Coalition
- ▶ 9/11 Environmental Coalition
- ▶ 9/11 United Services Group
- ▶ Beyond Ground Zero Network
- ▶ Catholic Charities Archdiocese of New York
- ▶ Catholic Charities Archdiocese of Brooklyn-Queens
- ▶ From the Ground Up
- ▶ Project Life at Lutheran Social Services
- ▶ Family Assistance Center for Safe Horizon
- ▶ Asian American Legal Defense and Education Fund
- ▶ Chinese Staff and Workers Association
- ▶ The Children's Health Fund
- ▶ Project Ayuda at Puerto Rican Legal Defense and Education Fund
- ▶ Brooklyn Bureau of Community Service
- ▶ Residents of New York City

APPENDIX D: ACRONYMS

CCP	– Crisis Counseling Assistance and Training Program
CDBG	– Community Development Block Grant
CMHS	– Center for Mental Health Services
DMA 2000	– Disaster Mitigation Act of 2000
DOJ	– U.S. Department of Justice
DUA	– Disaster Unemployment Assistance
EPA	– U.S. Environmental Protection Agency
FEMA	– Federal Emergency Management Agency
GAO	– General Accounting Office
HEPA	– High Efficiency Particulate Air
HHS	– U.S. Department of Health and Human Services
HUD	– U.S. Department of Housing and Urban Development
IA	– Individual Assistance
IFG	– Individual and Family Grants
IFMIS	– Integrated Financial Management Information System
ISP	– Immediate Services Program
MRA	– Mortgage and Rental Assistance
NEMIS	– National Emergency Management Information System
NPSC	– National Processing Service Center
NYCOSH	– New York Committee for Occupational Safety and Health
NYCDEP	– New York City Department of Environmental Protection
NYDOL	– New York Department of Labor
NYSCVB	– New York State Crime Victims Board
OVC	– Office for Victims of Crime
PNP	– Private Non-Profit
RSP	– Regular Services Program
SBA	– U.S. Small Business Administration
Stafford Act	– Robert T. Stafford Disaster Relief and Emergency Assistance Act
USDOL	– U.S. Department of Labor
VOLAGS	– Voluntary Agencies
WTC	– World Trade Center

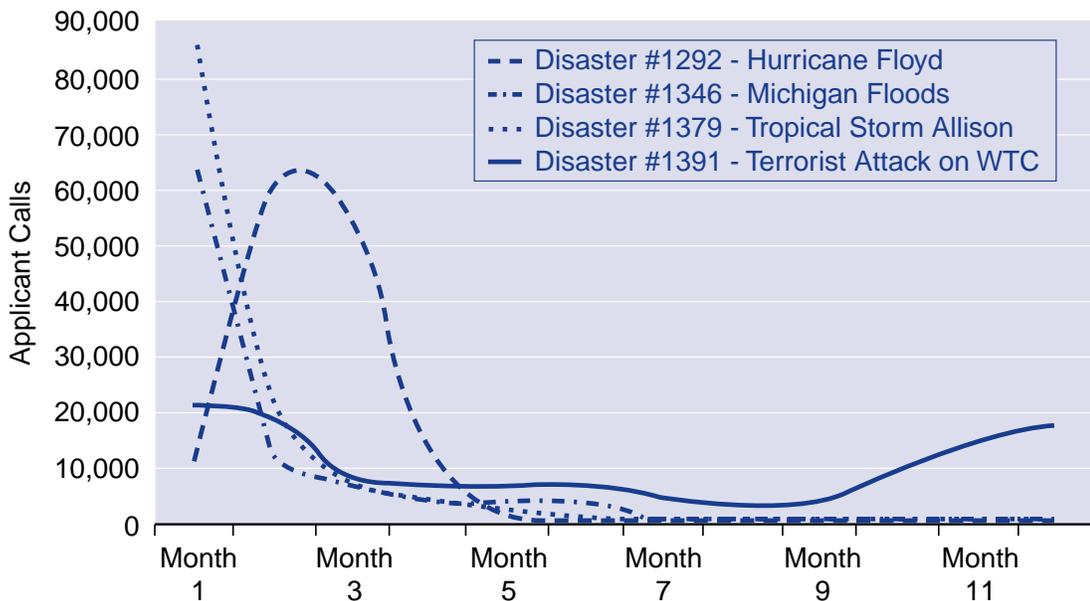
APPENDIX E: BENCHMARK COMPARISONS

FEMA activated its applicant assistance teleregistration system to receive calls from disaster victims immediately following the President’s disaster declaration on September 11, 2001. Disaster victims use this system to register for FEMA’s IA programs. Requests for assistance are then processed using FEMA’s National Emergency Management Information System (NEMIS) database.

To better understand individual assistance needs presented in this disaster and in previous disasters, we asked FEMA to compile data on applicant calls for assistance in the September 11, 2001, Terrorist Attacks in New York, and in Tropical Storm Allison in Texas (June 9, 2001), the Michigan floods (October 17, 2000), and Hurricane Floyd in North Carolina (September 16, 1999). These disasters were selected as representative of disasters with similar applicant call volume.

Our analysis of the data revealed that applicant call volume in Tropical Storm Allison, the Michigan floods, and Hurricane Floyd decreased significantly—to fewer than 200 calls a month—seven months after these events were declared. Applicant call volume for the Terrorist Attacks in New York remained at more than 3,000 per month seven months after the declaration, and surged to 14,000 and 17,000 calls in months 11 and 12, respectively. The volume may reflect continuing needs demonstrated by disaster victims and the decisions made by FEMA. For example, the overwhelming majority of these calls were for assistance with air quality items. The following exhibit illustrates applicant calls received by month within the twelve months following the date of disaster declaration.

EXHIBIT 1—Applicant Call Volume Within 12 Months of the Disaster Declaration



Source: VA NPSC NEMIS Data, October 2002

APPENDIX F: FEMA COMMENTS ON DRAFT REPORT



Federal Emergency Management Agency

Washington, D.C. 20472

December 17, 2002

Richard L. Skinner
Acting Inspector General
Federal Emergency Management Agency
500 C Street, SW
Washington, DC 20472

Dear Mr. Skinner:

Thank you for providing FEMA the opportunity to comment on the draft Office of Inspector General (OIG) Report entitled "FEMA's Delivery of Individual Assistance Programs: New York--September 11, 2001."

Given the enormous challenge presented by the September 11th terrorist attacks, we are proud of FEMA's response in delivering its Individual Assistance programs and in meeting the needs of disaster victims. While we acknowledge that there is always room for improvement, we strongly believe FEMA met the significant challenges created by the unique response and recovery circumstances of such an unprecedented disaster.

The challenges FEMA faced in the distribution of Individual Assistance were unlike any other disaster in its history because: the disaster site was also a crime scene; the debris contained potentially hazardous materials; there was a tremendous outpouring of private charitable activities; the disaster had a nationwide economic impact; and there were significant public expectations regarding available Federal assistance. Despite all of these challenges, FEMA's authorities and programs were generally adequate and flexible enough to meet most individual needs.

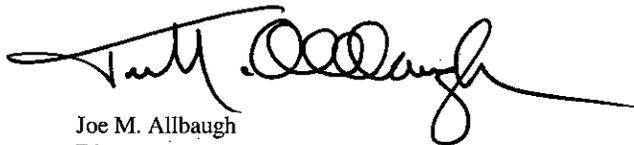
In every disaster there are individuals for whom FEMA cannot provide all assistance needed or requested. However, Congress made clear in the Stafford Act that disaster assistance is meant only to supplement other means of assistance for serious disaster-related needs. To ensure that New York disaster victims received as much assistance as legally possible, FEMA reviewed its authorities to ensure the broadest interpretations of FEMA programs. Therefore, to the extent the OIG report relies on criticism from the public or public advocacy groups that FEMA provided less than adequate assistance, FEMA respectfully submits that it provided all requested assistance for which it had authority.

Finally, the OIG report notes that FEMA could improve its public outreach as well as its communications and coordination with Federal and State partners and voluntary agencies. Should this nation ever again face such a disaster event, FEMA will build upon what it learned in responding to the September 11th attacks. I am confident that given the circumstances of this disaster, my staff's significant outreach and coordination activities

prevented many problems before they occurred and generally made the distribution of individual assistance more efficient and effective than it would have been otherwise.

In conclusion, we appreciate the opportunity you have given us to make meaningful contributions to your report. We look forward to working with the OIG in similar partnership in the future.

Sincerely,

A handwritten signature in black ink, appearing to read "Joe M. Allbaugh". The signature is fluid and cursive, with a long horizontal stroke extending to the right.

Joe M. Allbaugh
Director

APPENDIX G: STATE OF NEW YORK COMMENTS ON DRAFT REPORT



Edward F. Jacoby, Jr., Director

New York State Emergency Management Office
1220 Washington Avenue
Building 22, Suite 101
Albany, NY 12226-2251

December 5, 2002

Mr. George Peoples
Office of the Inspector General
Federal Emergency Management Agency
Federal Center Plaza
500 C. Street S.W.
Washington, D.C. 20472

Dear Mr. Peoples:

This is in response to the draft report on the Individual and Family Grant (IFG) program, part of the Individual Assistance (IA) program for FEMA – 1391 –DR NY.

As was discussed at the exit conference held on November 20, 2002, the New York State Emergency Management Office (SEMO) and the New York State Department of Labor (DOL), which administers the IFG program, believe that the draft report, as currently written, is unjustly critical of the administrative activities relating to Disaster 1391 and does not accurately reflect what actually occurred. In particular, the draft report fails to take in account the unique magnitude of this particular disaster and, instead, assumes administrative criteria based on a disaster usually encountered, such as a flood or snowstorm. I strongly urge you to include a discussion of the unique circumstances of the WTC disaster as part of the final report.

When this review was originally discussed with IFG representatives, it was explained that the review would document how this unique disaster was handled and to see what, if anything, could or should be changed that would have enabled both FEMA and the state to better manage this remarkable situation. This draft report reflects very little of the uniqueness of this disaster, especially in light of the fact that all fieldwork was completed by the end of August 2002, and the majority of the applications were taken after this date. In response to the large number of applications, the State and FEMA took exceptional measures to meet the needs of claimants. This includes FEMA's assuming the operation of the IFG Helpline, the State's adding unprecedented numbers of staff to process IFG claims, and the continual expansion of the hours of operation to accommodate the increasing demands of the program. I recommend you update this audit to include these efforts.

The audit establishes conclusions in this report that are based on opinions, not facts. For example, the report cites comments made by representatives from various advocacy groups, expressing feelings of frustration, but does not offer more specific data to support these conclusions. The report then utilizes these comments to highlight the program's restrictive eligibility criteria, such as needing to apply to their insurance company and the Small Business Administration first for assistance. But the report neglects to mention that these eligibility

State Emergency
Coordination Center (518) 457-2200

Fax: (518) 457-9950

Executive Offices: (518) 457-2222

criteria are mandated by FEMA as elements of the IA program under 42 USC Sections 5152 and 5155 of the Public Health and Welfare Law (Stafford Act). This fact should be included in the final audit. Not doing so will create a misperception of the State's limited authority in the IFG program. The report also fails to acknowledge that for Disaster 1391, the decline actually began to occur three months into the disaster and the reason for this decline is more likely attributable to the role that the various non-profit organizations played in providing aid to victims of Disaster 1391. These organizations, acting autonomously, were able to provide a variety of financial relief not as easily available under federal programs. The role of these organizations and their significant impact on the predictability of the IFG caseload should be included in the final report.

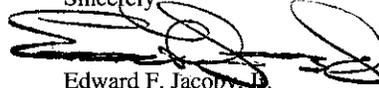
The section of the report that discusses the increase in applications that occurred in June 2002 also does not accurately reflect what occurred with Disaster 1391. The report attributes the rise in applications to the increased advertisement of the environmental items covered by the IFG program by local vendors and the addition of the air conditioner as a covered item. While the State concurs that both of these may have played some role in the increase, the report again fails to take into account the impact of the closing of the non-profit programs around this same time period. More importantly, the report fails to discuss the significant impact of the special program initiated to address those individuals identified as having a serious and necessary need but unable to pay for these items up front, to later be reimbursed. This program is referred to as the hardship/advance payment program and was a unique element of the IFG program for Disaster 1391. The hardship/advance payment program began in response to a single congressional inquiry and has become a significant element of the program consisting of almost half of all the new applications received since June 2002. The advance payment program enabled those victims who could least afford it access to the much-needed environmental items. The final audit should be revised to include these facts.

Of more significance is the report's incorrect contention that the State did not have adequate resources to process applications and address applicant inquiries. First, the report states that the State did not develop a staffing plan to identify the human resources needed to perform functions imposed by Disaster 1391. This statement is not true. In fact, as required, the State submitted an administrative plan, which was approved by FEMA, which specifically addressed the staffing for Disaster 1391. The state continuously monitored staffing and made adjustments when necessary. While the report properly reflects that in March 2002 the State reduced staffing in response to the decline in new applicants, the report fails to properly reflect the staffing adjustments made in response to the unexpected increase in new cases that started in June 2002. The report contends that no additional staffing increases were made until August 2002. However, the State actually increased staff continuously in June, July and August in response to the extraordinary increase in caseload. During this same time period, the State expanded hours, and added Saturday workdays. In late August 2002, in direct response to a continued increase in new applications which neither FEMA or the state could have envisioned, the State and FEMA entered into an agreement to manage Disaster 1391 jointly. This decision was made after FEMA sent staff to provide suggestions to the State on how to best manage the disaster in light of the unprecedented increases. The results that this agreement has produced are far greater than either organization could have anticipated.

The cooperation enjoyed by the State and FEMA in administering this program is unprecedented and should be used as a model for future disasters. In fact, FEMA would support other states using New York as an example when structuring their IFG programs. Streamlined methods have allowed this program to pay more than \$40 million to 40,000 New Yorkers.

If you would like any further information, please let me know.

Sincerely



Edward F. Jacoby, Jr.
Governor's Authorized Representative
FEMA - 1391-DR NY

APPENDIX H: U.S. ENVIRONMENTAL PROTECTION AGENCY COMMENTS ON DRAFT REPORT

Attachment
U. S. Environmental Protection Agency
Comments on FEMA Office of Inspector General Report
“FEMA’s Delivery of Individual Assistance Programs: New York–September 11, 2201
December 2, 2002

Draft Report states: “For eight months, EPA took the position that no environmental cleanup was necessary.”

This statement is inaccurate. EPA in many public statements, beginning in September 2001, and documents indicated that residents of lower Manhattan affected by dust/debris from the World Trade Center attack should cleanup using techniques that would be effective with asbestos containing material. EPA did this because under its FEMA mission assignment to assist in assessing and cleaning lower Manhattan exterior and ambient environs, many samples were taken of bulk dust material (approximately 135) that was in the streets of lower Manhattan. Approximately 35% of these samples showed greater than 1% of the material was asbestos. Given these results EPA recommended that, if residents had any significant levels of dust/debris in their dwellings, they should use professional asbestos abatement cleaners and presume the material was asbestos containing.

A group of concerned legislators from lower Manhattan coalesced as the “Ground Zero Elected Officials Task Force.” These officials began early on to request assistance be provided to residents in the cleanup of their buildings. They identified several buildings which they wanted sampled indoors. EPA consulted with representatives of the New York City Department of Health regarding whether NYC wanted any support in testing these buildings. New York City did not request EPA action. The Ground Zero officials commissioned a sampling effort the results of which were provided in a report dated October 12, 2001 to EPA and others.

On September 28, 2001 EPA attended a public meeting at which lower Manhattan residents requested cleanup assistance to be able to return to their residence. FEMA was represented at this meeting by Marianne Jackson.

On October 9, 2001 EPA representatives (Bruce Sprague, Kathleen Callahan) met with FEMA representatives including Larry Sommer and Kathryn Humphrey to discuss whether FEMA’s assistance programs could provide residents with the additional financial support that would be needed to have professional asbestos abatement cleaners hired to clean the residences. FEMA invited EPA to sit in on a meeting that day with lower Manhattan residents, community board representatives and representatives of the Battery Park Business coalition. This meeting’s principle topic was the additional support residents needed to cleanup safely and the business coalition was considering providing funding support. Ultimately, this initiative did not take place. FEMA did attempt to provide greater assistance to residence who were displaced from their affected apartments. However, there continued to be pressure for more government assistance for residential cleanup. Although most air samples taken for asbestos in the outdoor (ambient) environment did not show

levels of asbestos exceeding the benchmark EPA used to assess the state of the environment surrounding the WTC site, the dust did contain asbestos in variable amounts and locations and with cleanup activity this could become entrained in the air, posing an inhalation health risk. EPA continued to recommend the use of professional abatement cleaners wherever possible and use of wet wiping, wet mopping and HEPA vacuuming to reduce the likelihood that the dust would become airborne and pose a risk. Additional testing showed silica, and fibrous glass to be present in dust/debris as well.

The New York City Department of Health and the Agency for Toxic Substances and Disease Registry, with EPA funding support and counsel, developed a study of indoor residences to evaluate impacts of the WTC attack on dwelling units. Air and dust samples were collected in and around 30 buildings in lower Manhattan. Many of the dwelling units had already been cleaned. Four buildings north of 59th Street were sampled for background levels of contaminants

The results of this study were released in final form in September 2002. Recommendations include:

- frequent cleaning with HEPA vacuums and damp cloths/mops to reduce the potential for exposure because more asbestos, synthetic vitreous fibers (e.g., fiber glass), mineral components of concrete (quartz, calcite, and portlandite), and mineral components of wallboard (gypsum, mica, and halite) were found in settled surface dust in lower Manhattan residential areas when compared to residential areas north of 59th Street
- additional monitoring of residential areas in lower Manhattan,
- and requesting cleaning and /or testing form the “EPA” cleanup program.

Draft Report states: “In May 2002, because of increased political pressure and unfavorable media coverage, EPA announced it would provide free testing and cleaning for the Lower Borough of Manhattan residences.”

This statement is extremely misleading.

First, it is misleading in that it implies EPA made a decision to have a cleanup program as a result of political pressure and unfavorable media coverage. As stated previously, based upon potential health impacts EPA had concerns early on with regard to how residents would be able to cleanup the debris from the WTC building collapses (which contained asbestos containing material in a substantial number of samples taken and was known to have been used in the construction of the WTC towers). These concerns were shared by NYC DOH and ATSDR.

Secondly, it implies that EPA made a unilateral decision to announce a cleanup program. On the contrary, in May 2002 at a press conference EPA’s Regional Administrator, New York City’s

Commissioner of Environmental Protection and FEMA's Acting Regional Administrator jointly made the announcement that an indoor residential cleanup program would begin. This announcement was the result of months of continuing discussions between EPA, FEMA, and New York City. Below are listed some of the meetings at which the issue of indoor cleanups was discussed.

2/14/02 - A meeting was held of the Catastrophic Disaster Response Group (CDRG) at the request of FEMA Director Joe Allbaugh to discuss the air quality questions at the WTC site in NYC. EPA attended (Jim Makris, Larry Reed, and by phone Jane Kenny, Regional Administrator, William Muszynski, Deputy Regional Administrator, and Kathleen Callahan. Also on the phone was Robert Williams of ATSDR, as well as representatives from HHS, OSHA, the U.S. Army Corps of Engineers, and GSA. EPA and HHS were requested to prepare papers on the indoor air concerns as well as other HHS related issues. EPA's paper was provided to FEMA on 2/26/02, as requested.

EPA's Administrator Christine Todd Whitman announced the establishment of an Indoor Air Task Force. Agencies invited to participate in the Task Force in addition to several EPA offices, included FEMA, OSHA, ATSDR, the New York State Department of Health, the New York State Department of Environmental Conservation, the New York City Department of Health, the Mayor of New York City (who was represented by the Office of Emergency Management and the Office of Environmental Coordination), Governor George Pataki. A working group was established with representatives of all the invited agencies. The first meeting of the work group supporting the task force was held on February 21, 2002. Marianne Jackson and Robert Traynor attended for FEMA.

2/26/02- EPA presented its proposed approaches and requested write up at a meeting attended by Larry Reed. FEMA officials requested a follow up meeting for 3/11. This took place; EPA presented further information and discussions took place. FEMA officials indicated that they need to give further consideration to authorities, funding mechanisms, etc.

3/19/02 - Larry Zensinger advised EPA representatives from HQ to work through New York City from that point on.

4/15/02 - FEMA representatives met with EPA Assistant Administrator Horinko and staff, with Region 2 representation by phone, met to discuss impediments to progress on the issues related to indoor cleanup.

4/17/02 - FEMA, EPA and NYC representatives met to review indoor cleanup program issues.

Throughout this time there were weekly meetings of the interagency work group members about the potential health concerns related to indoor dust/debris and program options for addressing these.

In late April New York City Mayor Bloomberg requested of EPA Administrator Whitman that EPA take the lead on indoor air issues in NYC.

NYC had numerous discussions with FEMA regarding options for funding the program and ultimately coordinated a program which identified tasks to be funded through FEMA and conducted by NYC and EPA.

5/08/02 - press announcement for indoor cleanup program.

6/01/02 - Hotline for registering for testing or cleaning and testing was opened, as well as a web site for on-line registration. NYC DEP contracted for this service. EPA staff provided technical direction and oversight.

8/22/02 - EPA contractor begins testing only in apartments in lower Manhattan

9/12/02 - Eight contracts are awarded by NYC for cleaning and testing of residential spaces in lower Manhattan. EPA staff provide technical and implementation direction in consultation with NYC. Many technical issues arose in the development of the scopes of work associated with these contracts. EPA and NYC staff worked closely to develop a satisfactory program, and put in place the funding mechanisms with FEMA to assure that all involved agencies understood the program scope.

Draft Report states: "Despite FEMA's and EPA's apparent regulatory and legislative authority to act, their actual roles and responsibilities were not defined early on in the recovery effort....To avoid this ad hoc approach in the future, FEMA, in conjunction with EPA, should amend the Federal Response Plan, authorizing FEMA to direct EPA to conduct testing and cleaning of residences for hazardous materials during similar disaster recovery efforts."

These statements seem to miss critical points. The Federal Response Plan becomes activated when a situation beyond the capability of state and local governments arises and, upon the request of the Governor of the state, the President declares a major disaster or emergency. A Federal Coordinating Officer from FEMA is appointed to coordinate all federal disaster assistance activities. This gives FEMA broad latitude to act implementing the Federal Response Plan, and coordinating and directing emergency assistance and disaster relief of impacted individuals, business and public services under the Robert T. Stafford Disaster Relief Act. The FRP was developed with numerous federal agencies to facilitate delivery of federal assistance through twelve functional annexes, the Emergency Support Functions (ESFs). FEMA can assign EPA responsibilities under the ESFs, with EPA being the designated lead agency for ESF 10, Hazardous Materials.

A critical point which seems unaddressed in the Draft Report is how federal agency responses assigned by FEMA are to be coordinated with state and/or local responses. The indoor residential cleanups were left as the responsibility of building owners and residences. Although other mission assignments were given to EPA, no requests were made to EPA from FEMA or by NYC to FEMA to act on the indoor cleanup issue. The FRP would seem to still stand up as a solid context in a

response of this type. FEMA provided residential assistance of various types to affected residents. The focus of future responses should frame the conditions under which FEMA or EPA or other agencies, for example in the case of public health threats or nuclear materials incidents, might recommend other actions to state or local government and what options those other actions should include. In addition, the role of the state and local governments in the decision process should be explored.

Draft Report states: "FEMA had not coordinated a contaminant cleaning effort during disaster recovery."

This seems inaccurate. Based upon knowledge of Region 2 responses to nationally declared disasters subsequent to hurricanes FEMA has assigned EPA contaminant cleanup work. We believe this to be the case in many regions, consistent with ESF 10 Hazardous Materials lead activity.

APPENDIX I: U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES' CENTER FOR MENTAL HEALTH SERVICES COMMENTS ON DRAFT REPORT

Comments from the Substance Abuse and Mental Health Services Administration, Center for Mental Health Services, Division of Prevention, Traumatic Stress and Special Programs, Emergency Services and Disaster Relief Branch regarding the Office of Inspector General Draft Report: *FEMA's Delivery of Individual Assistance Programs*: New York – September 11, 2001.

Following a review of the report authored by the Office of Inspector General (OIG) regarding the Crisis Counseling Program, it is concluded that the report is generally correct in the description of services of the Federal Emergency Management Agency (FEMA) and the Crisis Counseling Assistance and Training Program. We concur with recommendations regarding interagency coordination.

We appreciate the opportunity to comment on this Draft Report. Please see the following comments we have provided below:

1. On page 4, in the third sentence regarding the crisis counseling program, we recommend substituting the word "counseling" for "screening and diagnostic" techniques.
2. On page 5, the Draft Report states that as of October 2002, the total disaster funding for the Crisis Counseling Program was \$162,400,000, with \$21,400,000 for the Immediate Services Program and \$141,000,000 for the Regular Services Program. Although the program has been approved for this amount and could reach or even exceed these figures, the actual obligated amount for the Regular Services Program for New York, Connecticut, New Jersey and Massachusetts is \$37,698,356. Additional funding may be obligated if the States provide documentation to FEMA and CMHS on financial expenditures.
3. On page 22, staff noted some ambiguity in the sentence that reads "At the outset, too many entities were involved to ensure that the victim services provided adequately addressed victim needs." We recommend rewording to clarify that the central concern is one of coordination and potential confusion among disaster victims.
4. On page 24, we recommend substituting the second sentence of the second paragraph with the following: "OVC administers its own grant programs and has consulted in the past with CMHS for technical assistance."
5. On page 25, under the subheader that reads "Many Entities Provide Counseling-type Assistance" we recommend substituting the second sentence to read as follows: "Irrespective of how well intentioned these ad hoc providers may have been, a significant number of victims may have received inaccurate or possibly even harmful services from individuals not certified, licensed, or otherwise sanctioned by the State to provide mental health services. These individuals may

not have received appropriate training or oversight regarding the mental health needs of disaster victims, or have access to the appropriate services, methods, and resources available under the incident command structure.”

APPENDIX J: U.S. DEPARTMENT OF JUSTICE COMMENTS ON DRAFT REPORT



U.S. Department of Justice

Office of Justice Programs

Office for Victims of Crime

Washington, D.C. 20531

November 22, 2002

Mr. Clifford N. Melby
Assistant Inspector General for Inspections
Federal Emergency Management Agency
Federal Center Plaza
500 C Street, SW.
Washington, D.C. 20472

Reference: Federal Emergency Management Agency (FEMA) Delivery of Individual Assistance Programs: New York –September 11, 2001 Draft Report

Dear Mr. Melby:

Thank you for the opportunity to review pages 24 and 25 of the above referenced draft report titled *2. Department of Justice Authorities May Overlap FEMA Authorities*. Because, you were only permitted to share those sections of the draft report pertaining to the Office for Victims of Crime (OVC), it is difficult to put the 2-page synopsis in full context of the report. Hence, we reviewed the information provided to us for technical accuracy and to assess the soundness of the proposed recommendation for improving coordination between our agencies.

As you are aware, OVC, FEMA, and the Executive Office of United States Attorneys (EOUSA) signed a *Letter of Intent* in October 1996 following the Oklahoma City bombing. This letter of intent sets forth the terms of a crisis response protocol for the participating agencies. We believe this agreement is responsive to the recommendation contained in your draft report. However, it would probably be beneficial to reexamine the content of this agreement in light of the activities of our respective agencies following the September 11th terrorist attacks, and issue an updated agreement with representatives of this Administration which incorporate lessons learned from both Oklahoma City and the 9/11 terrorist attacks.

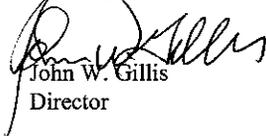
Overall, OVC and FEMA came to terms amicably and cooperatively with the specific aspects of our respective responses, informed by our past experience responding to the Oklahoma City criminal disaster. Given our overlapping authorities, we are pleased with the coordination between our two agencies and the level of services and support that we were able to provide to the victims of the September 11th terrorist attacks. Because we only have one section of your report, we are uncertain how you have addressed issues regarding duplicate funding for counseling services for victims. In our assessment, this is the area that proved most problematic

in our response to victims. As you correctly indicate in your report, "non-counseling assistance" was a primary need for victims; however, the money appropriated to OVC for assisting victims was strictly limited to funding counseling programs. We hope that your report highlights this issue and makes recommendations to address this duplication of effort. We also hope that the report offers recommendations regarding other types of expenses victims incurred for which money was not appropriated.

There are a few other areas of the report which require minor tweaking to make them technically accurate. In particular, the draft report tends to discuss issues relating to state and federal funding and program administration in the same context. We have taken the liberty of correcting these technical inaccuracies, and by adding information regarding funding OVC received specifically to support counseling for crime victims (see attachment).

We appreciated the process that the FEMA Office of the Inspector General staff followed to prepare this report. Please feel free to contact Carolyn Hightower, Deputy Director at 202/616-3568, if you would like to discuss our assessment of your draft report.

Sincerely,



John W. Gillis
Director

Attachment

cc: Deborah J. Daniels
Assistant Attorney General
Office of Justice Programs

2. Department of Justice Authorities May Overlap FEMA Authorities

For disaster victims, FEMA's CCP and IFG programs fund crisis counseling services and reimbursement for medical, dental, and funeral expenses. Under the Victims of Crime Act (VOCA) of 1984, as amended (42 U.S.C. §10603), the Office for Victims of Crime (OVC) is authorized to provide grants from the Crime Victims Fund to state crime victim compensation programs for the same expenses, including mental health counseling, and to provide funding to states to support victim assistance services, i.e., crisis counseling, criminal justice advocacy, shelter, and other emergency assistance services. VOCA authorizes OVC to provide funding for direct services to victims of federal crimes, and to fund programs that assist victims of terrorism and mass violence from OVC's Antiterrorism Emergency Reserve Fund. In addition, with the passage of the USA PATRIOT Act (hereinafter referred to as the PATRIOT Act), OVC received appropriated dollars specifically to support counseling programs for victims, family members of victims, and rescue workers who responded to the terrorist attacks.

Funding available from OVC is administered through formula grants, discretionary grants, and reimbursable agreements with other federal agencies. Funds may be awarded to states, private nonprofit and nongovernmental organizations, and federal agencies.

In the aftermath of the September 11th terrorist attacks, OVC awarded grants to: state crime victim compensation programs to supplement state funding available to compensate victims for out-of-pocket expenses such as medical services, mental health counseling, lost wages, and funeral expenses; state victim assistance agencies to award subgrants to community-based organizations responding to other emergency and direct service needs of the victims of the attacks; states and to community-based nonprofit organizations specifically to administer counseling programs using dollars authorized and appropriated by the PATRIOT Act.

We interviewed representatives from the New York Crime Victim Compensation Board to obtain a clearer understanding of the types of expenses victims of the terrorist attacks incurred. Not surprisingly, the Board received minimal requests for reimbursement for mental health counseling. They attribute this to the fact that so many other free sources of mental health counseling were made available to the victims and because crime victim compensation programs are *payors of last resort* and many victims had access to collateral sources of payment such as medical or auto insurance, social security benefits, and medicaid for out-of-pocket expenses like mental health counseling.

Before the events of September 11th, FEMA and OVC worked cooperatively to respond to the needs of the Oklahoma City bombing victims. In fact, the two agencies jointly funded mental health counseling services for these victims during the trials of Timothy McVeigh and Terry Nichols. To facilitate the cooperative working relationship, FEMA, OVC, and the Department of Justice's Executive Office for United States Attorneys (EOUSA) entered into a *Letter of Intent* setting forth the terms of a crisis response protocol. This protocol outlined responsibilities for coordinating assistance to victims of catastrophic federal crimes, coordinating resources and referral services, and addressing victims' needs and rights to privacy and confidentiality. In the spirit of collaboration and cooperation, FEMA and OVC officials met shortly after the terrorist

attacks to determine the sequence of delivery for victim services. However, their efforts were sometimes stymied by overlapping authorities to cover certain victim-related costs. FEMA and OVC should reissue the *Letter of Intent* drafted following the Oklahoma City bombing to incorporate lessons learned from the September 11th terrorist attacks. Likewise, Congress should closely examine existing funding authorities for counseling services for victims of criminal disaster to avoid duplication of effort among agencies. Further, closer examination of the noncounseling emergency assistance needs of victims should be examined and addressed.

DRAFT

APPENDIX K: U.S. DEPARTMENT OF LABOR COMMENTS ON DRAFT REPORT

On December 2, 2002, the U.S. Department of Labor (USDOL) provided the following response to the draft report via electronic mail:

“In reviewing and commenting on the draft report, USDOL has a comment on page 28, pertaining to the first sentence in the first paragraph, “As an example, FEMA’s...” USDOL believes this paragraph does not seem to relate to the rest of the body. In addition, the first paragraph gives the impression that FEMA was duly responsible for providing DUA liberally after September 11th, which in fact, it was USDOL who developed and set the regulations in motion and provided oversight assistance to New York State.”

APPENDIX L: U.S. SMALL BUSINESS ADMINISTRATION COMMENTS ON DRAFT REPORT

**FEMA IG Draft Report
FEMA's Delivery of
Individual Assistance Programs:
New York – September 11, 2001**

B. Grants to Small Businesses Were Made on an Ad Hoc Basis

One factor that should be part of the analysis is whether the government's failure to assist businesses promptly in recovering from difficulties related to terrorist incidents could increase other Federal response costs, such as DUA and the MRA program, and the respective roles of FEMA, SBA, and HUD.

Comment: We disagree with the statement that the Federal government failed to assist businesses promptly in response to the terrorist attacks of September 11. Specifically, SBA immediately began outreach efforts to these disaster victims. However, we recognize that many victims chose not to return their loan applications quickly for a variety of reasons, such as:

- The stronger businesses had some insurance coverage (for physical damage and business interruption), and they typically wait until that is settled before applying for a loan or they may decide to use their own resources in the short run before taking on additional debt.
- With all the publicity about donations and grant programs, many businesses hoped to get help from these sources rather than an SBA loan, which must be repaid.
- Many prudent businesses may not request a loan until they decide what they need to finance.
- Some of the impacted businesses have substantial financial resources of their own and won't seek outside help.

Therefore, we found that many businesses chose not to immediately file for Federal assistance; however, a business owner's decision to delay requesting Federal assistance does not mean that the Federal government "failed to assist businesses promptly".



Federal Emergency Management Agency

Office of Inspector General

Washington, D.C. 20472

CUSTOMER RESPONSE

IG Report No.: I-02-03

The Office of Inspector General has a continuing interest in improving the usefulness of its products. We wish to make our reports as responsive as possible to our customers' requirements, and therefore ask that you share your thoughts with us. Please answer the following questions if they apply to you:

1. What additional background information about the selection, scheduling, scope, or procedures of the review would have been helpful to the reader in understanding this report?
3. What additional Information related to findings and recommendations could have been included in this report to assist management in implementing corrective actions?
4. What format, stylistic, or organizational changes might have made this report's overall message clearer to the reader?
5. What additional, helpful actions could have been taken by the Office of Inspector General on the issues discussed in this report?
6. Provide additional comments below that you believe would help to improve future reports.

Please include your name and telephone number so that we may contact you should we have questions about your comments.

Name: _____

Date: _____

Organization: _____

Telephone: _____

Please mail your comments and questions to the following address or fax them to (202) 646-3901. You may also cmail/e-mail your comments to Clifford N. Melby, Assistant Inspector General for Inspections, at Cliff.Melby@FEMA.Gov, or call Mr. Melby at (202) 646-3338.

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